FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,130 Friday March 28 1980 ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pta 70; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p; MALTA 20c

GENERAL

Sindona guilty on 65 charges

Jury in New York found Italian financier Michele Sindona guilty on 65 charges of fraud following the collapse of Franklin National Bank. He faces a maximum jail sentence of five years on each count.

Sindona was said to have illegally exported from Italy U.S.$40m (£18.26m) that he had paid to gain control of the Franklin National Bank in the early 1970s. He then misappropriated $45m in Franklin funds for his own ends, including $30m lost on unauthorised foreign exchange trading.

The bank became insolvent in 1974, triggering a near-crisis in the banking system. Sindona is still wanted in Italy to face fraud charges.

Eight questioned

Eight people were being questioned by police in London last night following the £4m silver bullion robbery at Barking, Essex, on Monday.

Oil tax approved

U.S. Senate passed Bill imposing a windfall profits tax on the oil industry. Page 4.

Peace move

Cuban Foreign Minister Isidoro Malmerca Peoli has made a secret visit to Kabul during which he offered Cuban mediation in the Afghan crisis.

Miners killed

At least 23 men were killed when their lift cage plunged more than a mile down a gold mine shaft in South Western Transvaal.

Hostel charge

Peggy Chiswell, 66, was remanded in custody charged with murdering one of the nine women who died in a fire at a North London hostel last week.

Farm goods plea

New Zealand must be given the opportunity of selling its farm exports to Britain, Hans Apel, West Germany's Defence Minister, said in Wellington.

Death sentences

Fifteen people accused of taking part in a guerrilla attack on the mining town of Gafsa have been sentenced to death in Tunis.

African summit

Rhodesian Premier Robert Mugabe will attend a summit meeting of the heads of all black states in Central and Southern Africa in Lusaka next Tuesday.

Shah operation

Egyptian and U.S. surgeons are expected to remove the Shah's cancerous spleen tomorrow.

Oh, deer

Swedish Lapps have protested at plans to export hundreds of live reindeer to Japan, where their antlers will be cut off to make aphrodisiacs.

Briefly . . .

Dan McAreavy, general secretary of Northern Ireland's Social and Democratic and Labour Party, died in hospital.

Assaults on police in Strathclyde, which includes Glasgow, rose by 52 per cent last year.

BBC may boycott the East Africa rally unless Marlboro, the sponsor, reduces its advertising on cars.

Isle of Man is to mint a new crown to celebrate the Queen Mother's 80th birthday.

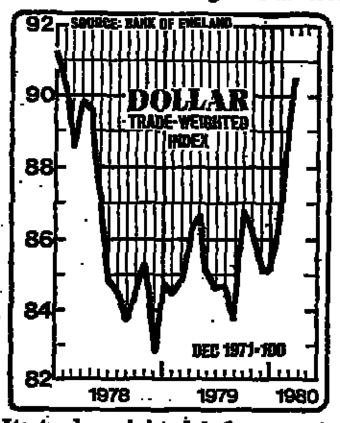
Publisher's notice

The Financial Times apologises for errors contained in this issue which are due to unofficial action by proof-readers who are members of the National Graphical Association.

BUSINESS

$ firm; Gold falls $34.5

● DOLLAR closed at DM 1.9220 (DM 1.8925), equal to last May's level, after touching DM 1.9250.



Its trade-weighted index rose to 90.4 (89.5), the highest level since May, 1978.

● STERLING fell 2.05 cents to $2.1755 after fluctuations. Its trade-weighted index fell to 72.5 (72.9).

● GOLD fell $34.5 in London, closing at $473 after fairly active trading.

● EQUITIES weakened, with a drop of 12 points in the FT 30-share index to 423.1. The Gold Mines index fell 16.7 to 287.7.

● GILTS were weaker after doubts about the Government's monetary strategy. Longs and shorts closed ⅜ lower, and the Government Securities index fell 0.31 to 64.30.

● WALL STREET was 6.15 down at 759.97 near the close.

● IRAN is to raise the price of its crude oil by about $2 a barrel to $34.50, including surcharges, from April 1. Back Page

● SOVIET UNION offered to supply spare parts for Iran's oil and gas production equipment as part of a deal over Iranian gas exports. Page 6

● LORD CARR of Hadley is to succeed Ronald Owen in May as chairman of the Prudential Corporation. Lord Carr is at present deputy chairman.

● LONRHO, through its steel-making subsidiary Hadfields, is conducting a study into the possibility of making a bid for the Shotton, North Wales, steelworks of BSC. Back Page, News Analysis, Page 8

● SERIOUS disruption of EEC steel sales to the U.S. is unlikely before the end of October, said Viscount Davignon, EEC Industry Commissioner. He was assessing the effects of anti-dumping suits lodged by U.S. Steel against European producers. Back Page

● ELECTRICITY supply industry in England and Wales has exceeded by £300m its borrowing ceiling set by the Government for the financial year about to end. Back Page; Electricity demand drops, Page 10

● SWITZERLAND could be heading for its first current account balance of payments deficit since 1965, say central bank officials. Page 3

● RACAL ELECTRONICS has overcome the final obstacle in its takeover of Decca with a decision by Mr John Nott, Trade Secretary, not to refer the merger to the Monopolies Commission.

● JAPANESE banks will be able to re-enter the business of long-term Eurodollar loan syndicates by mid-April after their six-month lending plans have been approved. Page 31

COMPANIES

● ALEXANDER HOWDEN, the insurance broking and underwriting agency, showed pre-tax profits for the year of £20.12m (£17.73m) after a sharp second-half increase. Page 28 and Lex, Back Page

● ARTHUR BELL and Sons, the whisky producer, reported half-year profits of £9.19m (£8.67m). Pafe 28

MPs begin debate on Howe measures

Possible 25% basic rate 'in two years' if strategy works

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Government's target of cutting the basic rate of income tax from the present 30p to 25p in the pound could be achieved in two years if the new medium-term financial strategy works out.

Mr. Nigel Lawson, the Financial Secretary to the Treasury, told a post-Budget Press conference yesterday that if the strategy's assumptions about the economy in the next four years were correct "we would have a significant sum available for tax cuts which, if we wished, could accommodate a 25 per cent basic rate of tax."

Such cuts would be over and above the adjustment of both direct and indirect taxes in line with inflation.

The scope for such a cut is implied by the projections for revenue and expenditure. These show that there should be room for a fiscal adjustment of £2½bn in 1982-83 and of £3½bn in 1983-84 (both at 1978-1979 prices) at the same time as the path of public sector borrowing falls in line with the targets for a steady reduction in the growth of the money supply.

Sir Geoffrey Howe, the Chancellor, noticeably underplayed the scope for later tax cuts in Budget speech on Wednesday. He presumably wanted to avoid raising expectations in later years while he was seeking restraint in the next couple of years.

A similar factor probably explains the very brief reference to the impact of North Sea oil revenues. There may also have been a desire to avoid drawing attention to the North Sea when its significance is being highlighted on the Continent during the negotiations over the UK's contribution to the EEC budget.

The Treasury projection that North Sea oil revenues will account for about half an estimated £5bn rise in total Government revenues between 1979-80 and 1983-84 (at 1978-79 prices) is significantly more conservative than most private sector estimates.

Mr. Lawson stressed yesterday that the key commitment in the strategy was to a declining monetary target. He expected the inflation rate to come down in line.

He said the plans in the expenditure White Paper published on Wednesday, for a roughly 1 per cent average annual decline in the total volume of spending over the next four years were "firm and unshakeable."

This refers to the determination to secure a steady reduction in the total in real terms year by year rather than the particular figures which will be considered during the annual surveys.

The details of the White Paper indicate that a large part of the projected decline in the total is dependent on the combination of a continuing sharp rise in public sector charges of all kinds and on a major turnround in the financial position of nationalised industries.

In particular, there is expected to be a switch from total external borrowing by nationalised industries of £2.3bn in 1979-80 to a net repayment of £400m in 1983-84. This is equivalent to almost the whole of the expected decline in total expenditure over the period.

The White Paper says these projections "assume that the coal, steel and shipbuilding industries will succeed in reducing or eliminating current losses, that British Rail will be able to contain costs, and that the gas and electricity industries will be taking steps to eliminate underpricing over the period." No details are given of the size of price rises implied.

In other programmes there is an increased emphasis on re-

Continued on Back Page

Other Budget news, Page 8. ● Features, Pages 21, 22, 23. ● Editorial comment, Page 22

Markets reaction subdued

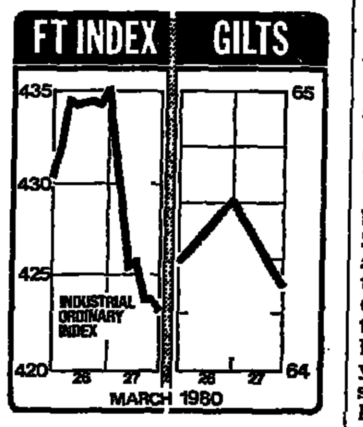
By David Marsh and Christine Moir.

PRICES OF shares and Government securities dropped back yesterday in a generally subdued reaction to the Budget. Sterling fell just over 2 cents against an internationally strong dollar but firmed against Continental currencies.

The dollar, supported by rising U.S. interest rates, made further sharp gains, reaching its highest overall level for nearly two years.

The gold price fell $34.5 to $473 per ounce, its lowest closing price for three months, while there were further sharp falls in silver and copper on the London metal markets.

In the Stock Exchange business was lethargic. The FT 30-share Index dropped 12 points



to 423.1 in the absence of buyers, most of the loss coming before lunch as dealers corrected overnight optimism in the oil and banking sectors.

As expected television rental companies were marked down sharply on news that their capital allowances are to be phased down. Contrary to the general trend, investment trusts rose slightly following the removal of their liability to capital gains tax.

Meanwhile, dealers could not raise any enthusiasm for the medium term given the current problems of high interest rates and a squeeze on company profitability.

The low level of business in equities was matched in the Gilts market where there were falls of around ⅜ in longs and shorts.

Continued on Back Page
Lex: Back Page

£ in New York

—	Mar. 26	Previous
Spot	$2.1760-1780	$2.1915-1925
1 month	0.37-0.32 dis	0.04dis-0.01pm
3 mths	nil-0.10prem	0.55-0.50prem
12 mths	0.10 dis-nil	0.45-0.35prem

Options listed for potential shipyard sales

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is starting to prepare the ground for a possible partial denationalisation of the shipbuilding industry in about two years time.

The Department of Industry is preparing a list of options, and Ministers hope to make a decision during the summer. An announcement of imminent legislation changing British Shipbuilders' statutory duties could then be included in the autumn Queen's Speech.

One option to be considered would include selling off profitable naval shipbuilding yards to their previous owners or other private sector buyers. Another would be to try a "BP solution" with a proportion of British Shipbuilders' shares being offered for public sale, as is planned for British Aerospace and British Airways.

Although no decisions have been made, a considerable political tide is pushing Ministers towards deciding to honour their general election manifesto commitment to sell yards back to private ownership.

This was confirmed yesterday by Sir Keith Joseph, Industry Secretary. "We have to make a decision on shipbuilding in the next few months," he declared. He acknowledged that the decision made might be to leave the subject for another year. But, he added, "My instincts and desires are well known."

Speaking shortly after the launch of the Government's public spending White Paper, which envisages a considerable cut in aid to shipbuilding, he said that there was a "political factor" affecting why the issue had to be considered now, so soon after the Government had decided last summer that the time was not right to make a move.

This factor is thought to be that it would take two years or more to put a de-nationalisation scheme into effect. A start should therefore ideally be made before the end of this year if the task is to be completed before the next election.

Trade union leaders started a campaign against the idea earlier this week and threatened both a reduction in co-operation and more direct action.

Admiral Sir Anthony Griffin, British Shipbuilders' chairman, has had a series of talks with Mr. Adam Butler, Minister of State for Shipbuilding, and has urged him not to go ahead for the time being. Admiral Griffin is thought to accept that a "BP solution might be useful eventually, but has told Mr. Butler that it would be wrong to go ahead now."

If individual yards were to be sold off, the most likely to be offered would be the naval builders—Vosper Thornycroft in Southampton, Yarrow in Glasgow, and Vickers in Barrow.

Three-pronged attack on Budget by Opposition

BY RICHARD EVANS, LOBBY EDITOR

OPPOSITION LEADERS sought to make what political capital they could yesterday from Sir Geoffrey Howe's Budget by attacking the increasingly grim prospect facing British industry, the Government's assault on trade unions, and cuts in social security benefits.

These will form the basis of Labour's case against the Budget when the Commons divides on the Chancellor's proposals next Tuesday.

But to the intense relief of senior Ministers, there was no sign yesterday of a significant rebellion developing on the Government back benches, even against the controversial decision to increase child benefit by only 75p, substantially less than the sum necessary to maintain its value in real terms.

Mr. Denis Healey, Shadow Chancellor, believed that the Budget represented "a programme for the terminal decline of British manufacturing industry." He said the outlook would be far grimmer than anything that had happened since the election.

The annual prediction of future output in manufacturing industry had ben deliberately suppressed in this year's Financial Statement, he said, because it was too horrific to be made public. He forecast industrial unresc in the coming year as unemployment rose and manufacturing industry declined.

Mrs. Thatcher, assured by a Tory backbencher that there was widespread support for the Budget, although there might be arguments over detail, replied that it was the only strategy that could get Britain back to prosperity and self-respect.

Mr. John Biffen, Chief Secretary to the Treasury, defending the Government's strategy against Mr. Healey's criticisms, said the main object of the Budget was to secure necessary time for the central anti-inflation policy to succeed.

"These are policies designed for the psan of a full Parliament and time will be their judge and vindication," he said. He believed the consolidation measures in the Budget would reduce inflation.

Mr. Biffen rejected the views of some Tory backbenchers that an incomes policy was needed to restrict wage demands and curb inflation. He accepted that some pay settlements had caused concern, but the Confederation of British Industry had reported that 52 per cent of settlements since last August had been for increases of less than 15 per cent.

Parliament, Page 11

Eurocar in £22m Godfrey Davis deal

BY ALAN FRIEDMAN

EUROPCAR, the vehicle rental arm of the Renault group, is to acquire the UK, Dutch and Spanish car hire interests of Godfrey Davis in a deal valued at £22m.

In order to facilitate the deal, Godfrey Davis will be reorganised to form two new holding companies — a hire company for which Europcar will make a bid, and a trade company, which will be retained. The trade company will consist of Ford main dealerships, contract hire and leasing, mobile homes and other leisure activities.

Midland Bank Industrial Investments has agreed to take a minority participation in the capital of Europcar's new UK company, to be known as Godfrey Davis-Europcar.

Under the terms of the deal, which involves 200 of the group's car hire branches, existing shareholders will receive a cash payment from Europcar of 115p per share for the hire company. This is equivalent to about £17.4m. If they prefer, shareholders may accept a comparable nominal amount of guaranteed floating rate loan stock, with interest to be fixed every six months at the London Inter Bank Offered Rate.

Shares in the company were suspended yesterday at 148p. Although the deal must be put to a special meeting of shareholders it is already ensured of success. Holders of 71 per cent of the equity have already irrevocably agreed to it.

Doubts over Imperial U.S. bid

BY ANDREW FISHER IN LONDON AND DAVID LASCELLES IN NEW YORK

DOUBTS emerged yesterday over the progress of the proposed $630m (£290m) takeover by Imperial Group, the UK brewing, tobacco and foods concern, of the Howard Johnson restaurant and motel chain in the U.S.

They arose from a statement by Sir John Pile in his last speech as chairman at yesterday's Imperial annual meeting that "there are questions still to be answered" over the deal.

In New York, trading in Howard Johnson shares was initially suspended on news of his remarks. The previous night, they closed at $24½, close to the top of their trading range since the $28 per share bid was announced.

Sir John, whose retirement took effect after the meeting, said: "It is not possible at this moment to say when the purchase will be completed."

Although "substantial progress" had been made in obtaining approvals from U.S. state administrations, the board felt questions still had to be answered on this point "and also certain other aspects of the business."

Market observers in London, where Imperial's share price shed 2p yesterday to 75p, said this appeared to be the first time that the UK group had sounded such a negative note on the acquisition.

Sir John said in his speech that further meetings have been arranged with Imperial's U.S. advisers

Noting that U.S. laws were very complex he told a shareholder that he could say no more.

The U.S. company also would add nothing to Sir John's remarks.

Imperial said last month that 36 of the 40 states in which HoJo operates had granted liquor licence approvals, without which the deal cannot proceed. Yesterday, New York analysts said they believed only Illinois and Pennsylvania were still outstanding, with minor problems to be resolved.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			House of Fraser	134	− 4
APV	175	+ 10	Howden (A.)	109	− 5
Lidstone	270	+ 30	ICI	364	− 10
Clyde Petroleum	338	+ 38	Land Secs.	285	− 8
Hampton Areas	360	+ 15	Lloyds Bank	290	− 8
Leichardt Explor.	255	+ 30	Lucas Inds.	208	− 11
			Magnet & Southerns	166	− 9
FALLS			Meyer (Mont. L.)	104	− 7
Treas. 12pc 1983	£92⅛	− ⅜	Midland Bank	308	− 9
Treas. 14pc 1996			Samuel Props.	118	− 5
(£50 paid)	£49⅜	− ⅜	Tate and Lyle	128	− 6
Allied Breweries	71½	− 4	Thorn EMI	296	− 20
Automotive Prdcts.	75	− 7	Turner and Newall	99	− 5
Barker and Dobson	14½	− 2	Western Motor	85	− 13
Bassett (G.)	64	− 5	Williams and James	110	− 5
Carpets Intnl.	27½	− 3½	BP	336	− 14
Distillers	197	− 8	East Driefontein	890	− 110
Glaxo	240	− 6	Cons. Gold Fields	467	− 19
Granada A	154	− 9	Hartebeest	£22½	− 3
Grand Met.	121	− 5	RTZ	347	− 12
Grattan Warehouses	64	− 12	Southvaal	628	− 104
Henlys	86	− 5	West Driefontein	£27½	− 2¼

CONTENTS

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Switzerland may face payments deficit this year

BY PETER MONTAGNON IN ZURICH

SWITZERLAND COULD be heading for its first current account balance of payments deficit since 1965, according to officials at the country's central bank. They base this assumption on the deterioration of the visible trade balane which has been very pronounced so far this year. In the first two months the trade deficit exceeded SwFr 3bn (£510m) which was almost four times the shortfall of SwFr 539m recorded in the same period of 1979.

If this trend continues the current account will certainly show a deficit for 1980, the officials said, though they added that it is still very early in the year to make definite pronouncements about the overall trade balance for 1980.

Last year, Switzerland is estimated to have notched up a current account surplus of some SwFr 3.5bn (£900m) compared with one of SwFr 7.9bn (£2bn) in 1978.

The weakening of the country's payments position stems not only from a sharply increased oil import bill but also from the re-emergence of a traditional tendency for Switzerland to run a high trade deficit. This latter element lost some of its potency in the late 1970s because the sluggishness of the economy dampened demand for imports.

Switzerland last ran a small current account deficit of SwFr 300m in 1965, though this was preceded by several years of substantial deficits. Two other hard currency countries, West Germany and Japan, are already clearly running deficits on current account.

The prospect of Switzerland following suit would not be entirely unwelcome from an overall international point of view. It would mean that the strong industrial countries are combining to match a part of the sharply higher OPEC surplus now expected for this year.

This would inevitably alleviate some of the pressure on poorer developing countries which can ill-afford to increase their payments deficits.

Danish economic policies depress businessmen

BY HILARY BARNES IN COPENHAGEN

THERE IS a broad measure of agreement between Denmark's political parties and most economists that the country's chronic balance of payments problem has structural origins and its solution requires a major shift of resources from the large and expanding public sector to the export sector.

But there is also a stubborn conflict of philosophies between the Social Democratic minority Government and the business community as to how best to induce industrial growth, and this has thrown the business community into an extraordinary state of despondency.

Mr. Anker Joergensen, the Prime Minister, admits to having been slightly taken aback by the virulence of the business reaction to his policies, but he is not sympathetic. "It wouldn't do any harm if businessmen used their heads occasionally," he says.

The argument hangs on measures introduced by the Government at the end of last year, when the automatic wage indexation system was partially suspended for this year and a variety of additional taxes were imposed on business. According to Mr. Joergensen, the taxes were "psychologically necessary" to generate understanding for wage restraint among wage earners. The additions to the wage bill which were averted by suspension of indexation, he says, were far in excess of the extra taxes.

The wage restraint policy introduced in December means that wages this year will rise by around 10 per cent instead of the 14-15 per cent by which they would otherwise have risen. According to Mr. Erik Rasmussen, chairman of the Federation of Industries, this could have proved the best piece of economic policy for years, but the effort was ruined by the "eye for an eye," "equal burdens for all" philosophy of the Government.

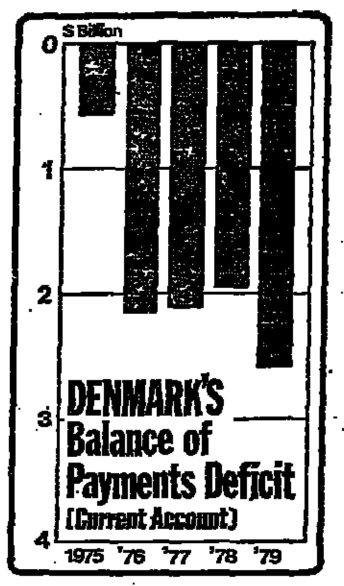
"It is absurd to expect business to expand, invest to create more jobs, and earn more foreign exchange if at the same time every effort is made to prevent it earning more money," says Mr Rasmussen.

Against this Mr Joergensen argues that in the economic crisis facing Denmark, when ordinary wage earners are being expected to accept a considerable cut in living standards, the business community must be prepared to make an extra effort without obtaining extra personal rewards.

"It is ll right if a firm makes bigger profits and uses them to invest, but not if it brings a gain to the groups which own the firms," he said in an interview with the Financial Times.

In addition to wage restraint the December measures included an increase in corporation tax from 37 to 40 per cent, the abolition of a 10 per cent investment allowance, a special 0.7 per cent tax on the value of agricultural land (to neutralise the benefit to the farmers of last November's 5 per cent devaluation of the krone), and a radical change in wealth tax.

Mr. Joergensen: little sympathy



Agriculture is going through a serious economic crisis, caused by rising costs and stagnating prices. Interest rates of 19-20 per cent on long as well as short-term loans also place an intolerable strain on farmers who have invested heavily in recent years and expanded production. Real farm incomes fell by over 13 per cent last year and are expected to fall by at least 10 per cent this year.

Not surprisingly the farmers think they could have used the extra income from devaluation in view of the fact that they are responsible, directly and indirectly, for about a third of the country's exports. Most of them will probably escape the wealth tax, but the land tax seems about the last straw. For a few thousand of the financially most exposed this may literally be the case.

In some respects the change in the wealth tax was the most devastating of the December tax changes as it will hit the family-owned firm especially hard. The wealth tax rate was doubled to 2.2 per cent and it applies to all fortunes of over Kr 1m, but the important change was the abolition of a clause in the former law which alleviated the incidence of wealth tax in cases where there was a large fortune and a small income.

Large estates and forests are typical examples, and Mr. Preben Juul Kjaer, a former chairman of the Danish Association of Chartered Accountants, says that forest owners and owners of large estates "won't be able to survive if the tax is not changed."

Mr. Juul Kjaer also cites the case of the owner of a small manufacturing company with a turnover of about Kr 170m and a labour force of 50. In order to pay wealth tax under the new rules, he will have to increase his income from the firm from about Kr 140,000 last year to Kr 500,000-600,000 this year, and every krone will go to pay taxes and leave him with nothing for private consumption. Mr. Juul Kjaer says that in this particular case there are only two alternatives for the person concerned—to emigrate and/or liquidate the company.

Mr. G. Kirk Christiansen, whose family owns the internationally known Lego plastic toy building bricks company with a labour force of about 2,500, has written to the Prime Minister pointing out that the wealth tax will force his family to take so much money out of the company that within a few years its financial position will be undermined. "We (the family) shall manage all right, but it is a Danish company, its employment and exports which will be affected. Was the new law well considered?" he asks.

The answer is that it was not well-considered, but rushed through the Folketing. The Government admits that the tax may have to be changed "if it can be shown that it has undesirable consequences." But as Mr. Svend Jakobsen, the Finance Minister, says, the changes must be such that they do not affect the revenue from the tax.

The country's current balance of payments deficit was a record Kr 15.6bn last year and it will be of roughly the same size again this year, bringing the net foreign debt to over Kr 90bn, or about 24 per cent of gross domestic product. By common consent, the foreign debt has reached a critical size and must be brought under control.

The Government regards its wage restraint measures from December as the first part of a medium-term strategy. The second part will bea programme to reduce the growth of real public spending to zero over the next two or three years.

Measures to implement this programme will be introduced after Easter and are confidently expected to produce a major political battle. The outcome must either be a compromise between the Government and parties to its Right or an election since, as Mr. Joergensen says, there is no prospect of agreeing to the spending cuts with the parties of the Left.

In the past 10 years public sector employment has grown by over 300,000 to about 730,000 (out of a total labour force of about 2.5m). In the same period the number of pensioners and unemployed persons, also dependent on taxes for their incomes, has risen by about 335,000, but employment in agriculture, fisheries, mining and manufacturing has fallen by about 65,000 to 800,000.

As the Opposition and many economists see the situation, the Government may successfully restrain the growth of the public sector, but it lacks a strategy for industrial growth. Labour released from the public sector will have nowhere to go because jobs are not created in the private sector. In the Economic Advisory Council (the Danish "wise men" institution) Professor Hans E. Zeuthen, said this month, if jobs are to be found in the private sector the Government needs to recognise that "the wheels of capitalism must be greased."

Go-ahead given for two Swedish N-stations

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE SWEDISH Government yesterday gave formal permission for the fuelling and commissioning of two nuclear power stations, each with a planned output of 900 MW. They have been realy for fuelling since early last year but had to wait for the result of last Sunday's national referendum on nuclear power.

At the same time new problems have emerged from Sunday's poll for the non-Socialist coalition Government. The Opposition Social Democrats gave notice that they would press for the nationalisation of the two nuclear power stations owned by Oskarshamn Kraftgrupp, a consortium of Sydkraft, the south Swedish power company, and several private concerns including ASEA, Stora Kopparberg and Svenska Cellulosa.

The Social Democrats are also objecting to Mr Carl Axel Petri, the Energy Minister, continuing in office. Mr Petri was appointed as an independent, non-political figure to run the Energy Ministry until the referendum. The Centre Party of Prime Minister Thorbjörn Fälldin and the Moderates (Conservatives) want to keep him.

The Liberals, the third party in the governing coalition, support the Social Democrats' demand his replacement and would like to see a Liberal take the post. They also joined the Social Democrats in the referendum in proposing the building of 12 nuclear stations "under public control."

Liveral leaders yesterday evaded questions about their stand towards the Social Democrat demand for the nationalisation of the Oskarshmn power stations

19% farm rise aids Finland

By Lance Keyworth in Helsinki

THE THREATENED Finnish Government crisis has been defused, at least for the present. The Agricultural Producers' Union has accepted a compromise proposal on farm product prices that gives farmers a 19 per cent increase in earnings

The Finnmark has been devalued by 2 per cent to placate the unions. However, the infighting between the left (Social Democrats and Communists) and the centre (Centre and Swedish People's parties), partners in the coalition Government, does not augur well for future co-operation.

W. German public service strikers press pay demands

BY ROGER BOYES IN BONN

SEVERAL THOUSAND West German public service workers have been holding token strikes throughout the country to press home their union's demand for higher wages and a special supplementary payment for the lower paid.

Their campaign coincides with the release of official figures confirming that West Germany was remarkably little affected by strikes last year, apart from the conflict in the steel industry.

Just over 77,000 workers were affected by strikes or lock-outs in 1979, compared to 487,000 in 1978. The number of days lost through strike action totalled 483,000 compared to an unusually high figure of 4.3m in 1978.

Even given that 1978 was a remarkably strike-prone year, 1979 comes out as a particularly healthy year for industrial relations. The annual average of days lost through strike action between 1963 and 1978 was 838,000—almost double the 1979 figure.

The current industrial action by the public service workers follows an "ultimatum" by Herr Heinz Kluncker, head of their union which represents more than 2m workers. The Government has offered a 6.3 per cent wage rise but the union has demanded another offer by today and has threatened further stoppages.

The public service union originally demanded wage rises of 9 per cent but it still seems possible that the two sides will arrive at a settlement of about 7 per cent, roughly equivalent to the increase won by the metalworkers union which normally sets the pace in the West German wage round. The sticking point at the moment, however, is the threshold of the supplements for the lower paid public sector workers as this could push up the final increase well above the final settlement.

Herr Kluncker carries considerable political weight, especially as this is an election year. In 1974 he called a public service strike which seriously hurt the Social Democrat government of Chancellor Willy Brandt. The present Government is caught in a similar dilemma: whether to pay up at a time of heavy financial strain or risk an image-damaging strike.

The Federal Labour Court, meanwhile, is expected to announce its verdict soon on the legality of the lock-out in industrial disputes in 1978. The employers are claiming that the lock-out is a legitimate counterpart to the strike weapon while the trade unions maintain that lock-outs have been used actually to prevent workers from exercising their constitutional right to strike.

ANKARA 'SHOCKED' BY PARIS FAILURE

Bonn to step up Turkish aid effort

BY JONATHAN CARR IN BONN

WEST GERMANY will intensify efforts to win firm multinational pledges of aid for Turkey next month, after leading Western industrial nations meeting in Paris on Wednesday failed to agree on an aid programme.

The next conference on Turkey is scheduled for April 15.

Bonn hopes the problems which emerged in Paris can be solved by then, and a total of more than $1bn can be pledged for Ankara for 1980 alone.

However, the failure of the 19 member-nations of the Organisation for Economic Co-operation and Development to reach full agreement in Paris is a clear disappointment for the West Germans, who are organising the aid programme.

It is a particular setback for Herr Hans Matthoefer, the Finance Minister, who had publicly expressed confidence that the conference would succeed. He is due in Ankara today, accompanied by Mr. Emile Von Lennep, the organisation's secretary-general, for more talks on Turkey's troubled economy.

The Germans see the Turkish aid programme as part of the Western effort to strengthen the North Atlantic Treaty Organisation's southern flank, after the Afghanistan and Iran crises. For this reason, a delayed start to the programme could pose grave risks.

The Paris meeting is understood to have made considerable progress, with problems involving Canada, Japan and Sweden, among others, making full agreement impossible. Canada has apparently been unable so far to decide its position because of the recent change of Government, and Japan is known to have felt that its main aid effort should be in South-East Asia.

Herr Matthoefer feels the conditions under which money is made available are at least as important as the amount raised. Although the organisation pledged a total of slightly less than $1bn in grants, loans and export credits for Turkey in 1979, only about half has reached Ankara because of strings attached by the donors.

At the end of 1979, the only countries which had paid the full amount that they had pledged for that year were West Germany ($215m), Switzerland ($30m) and Norway ($11m). Countries including France ($74m), Britain ($34m), Japan ($70m), and Canada ($10m) had at that time paid nothing.

The aim now is to ensure that the sums pledged for 1980 will go quickly to Turkey. The main donors are expected to be West Germany and the United States, each putting up $300m. Saudi Arabia, not a member of the organisation, may also support the action. The World Bank has just approved a $200m loan for Turkey, and the International Monetary Fund has agreed that Ankara can make a new drawing of 60m Special Drawing Rights ($47m) under an existing standby agreement.

Metin Munir reports from Ankara: The failure of the Paris meeting to agree on aid is a blow to Mr. Suleyman Demirel, Turkey's Prime Minister.

Mr. Demirel last January announced radical measures to stabilise the economy, which has been in a state of acute crisis since 1977. He apparently counted on generous financial support from the West.

Officials put on a brave face yesterday, but they were obviously shocked. A brief Foreign Ministry statement said the Paris meeting had been adjourned so all pledges could be made and announced at the same time.

Mr. Demirel had led the Turkish public to expect between $1.2bn and $1.6bn from the organisation this year. Now there is some concern that the aid may not be of this order, and possibly not even as much as last year's $906m.

Without substantial credit from abroad Mr. Demirel's economic programme is unlikely to succeed.

Study urges stronger EMS

By John Wyles in Brussels

THE EUROPEAN monetary system, which celebrated its first anniversary this month, needs substantial strengthening if it is to help achieve better economic equilibrium in Europe, according to a European Commission report to EEC heads of government.

In a so far unpublished document on possible moves towards setting up a European Monetary Fund, the Commission argues that the key decisions to be taken nearly all centre on the future role of the European currency unit (ECU).

The document points out that the Fund's powers to create ECUs against credits could be a crucial issue because it offers the means to impose tighter monetary discipline within the Community. But the solutions "to this problem" will depend to a large extent on the role of the ECU in the institutional stage of the EMS.

The Commission suggests that an expanded role for the ECU will enable the Community to achieve internal co-ordination aimed at monetar ystability and to establish its "monetary identity at international level."

On the other hand, several conditions would have to be met if the ECU was to be fully used as a means of payment or reserve instrument within the Community. These include legislative action by EEC members to abolish the limits on the acceptability of ECUs to central banks, and a straightening of the ECUs convertibility and yield to make it as attractive as other possible reserve instruments.

At the same time, the principle of whether to encourage the use of the ECU outside the Community central bank system would have to be decided. This raises the question of whether the ECU might be allowed "to play a part in recycling the surpluses of the oil-producing countries," says the document.

UK policy shift aims to protect food exporters

BY MARGARET VAN HATTEM IN BRUSSELS

THE BRITISH Government has decided to use the EEC's "green currency" system to protect its food exporters rather than its consumers.

The policy change, largely a result of the recent rise of sterling, was revealed at a meeting of EEC Farm Ministers in Brussels this week. Mr. Peter Walker, Britain's Agriculture Minister, demanded a change in the rules governing the green money system in order to open the way for immediate subsidies on British food exports and for taxes on its food imports from other EEC countries.

The imposition of these taxes will offset the drop in prices of food imports which would normally follow a rise in sterling. Since Britain has more consumers than food exporters, and imports more food than it exports, the gain withheld from consumers is likely to outweigh any gain to exporters in absolute terms.

Nevertheless Mr. Walker is believed to be keen to promote UK food exports and considers that, since food prices will not actually rise, the move is justified.

The mechanics are as follows: the EEC allows its members to convert common support prices for food from European currency units into national prices at an artificial exchange rate—the "green" rate—which does not reflect fluctuations in foreign exchange rates.

The gap between the foreign exchange rate and the green rate is covered by monetary compensatory amounts (MCAs). These tax exports and subsidise imports in weak currency countries, and do the reverse in strong currency countries, thus maintaining different price levels within the Community. This prevents weak currency countries like France and Italy from flooding strong currency countries like West Germany with their food products.

While the pound was weak, Britain's negative MCAs kept British food prices down. But the rise in sterling, together with four green pound devaluations in the past year, has brought the British price level up to the theoretical EEC "average." Previously, British prices were about 30 per cent below the average. If the pound rises further, the UK will have positive MCAs, subsidising its exports and taxing imports.

In fact, sterling is already 2.4 per cent above the green pound, but under present rules, no MCAs are applicable on the first 1.5 per cent and the EC does not consider MCAs of less than 1 per cent worth applying, largely for administrative reasons.

Mr. Walker has demanded the removal of this 1.5 per cent franchise, so that the taxes can be imposed imediately. Other EEC Ministers were expected to consider his demand late yesterday evening

Dutch imports, Page 39

West Germany records £125m trade surplus

BY ROGER BOYES IN BONN

WEST GERMANY managed last month to slow down the steady decline of its trade surplus—but its current account is still deep in deficit.

This picture emerges from the latest figures released by the Federal Statistics Office yesterday, which showed that the February trade surplus totalled DM 500m, compared with DM 360m (£125m) in January, and a substantial surplus of DM 2.4bn (£600m) in February 1979.

West Germany imported DM 29.1bn worth of goods in February, and exported DM 29.6bn.

Taking into account the shortfall on services and transfers, the current account deficit reached DM 2.1bn in February. This was DM 300m less than the deficit recorded in January, but is still in dramatic contrast to the healthy current account surplus of DM 1.1bn in February last year.

West Germany recently announced a current account deficit of DM 9bn for 1979—the largest in the history of the Federal Republic—compared with a DM 17.6bn surplus in 1978.

The root cause was deterioration in the terms of trade for Germany, with the higher prices for crude oil and raw materials sharply pushing up import costs.

Since September the trade surplus—which previously always adequately covered the traditional deficit on services and transfers—has been steadily declining.

The latest figures show that Germany paid 24.3 per cent more for its imports than in September 1979, with most of the increase coming from higher costs of crude oil, iron ore, and non-ferrous metals.

West Germany imports almost all of its oil and a large portion of the metals essential for its industry, and is particularly vulnerable to such price increases.

The year of 1979 was also a record for German tourists travelling and spending abroad.

The resulting deficit of DM 22bn in tourist spending was almost equal to that of the (substantially eroded) trade surplus. Transfers from foreign workers in Germany to their homeland also increased.

Most economic research institutes and government bodies agree that the current accounts deficit is likely to deepen substantially in the current year, and the influential IFO institute has predicted it could even reach as much as DM 23bn this year.

Belgian coalition teeters after Senate defeat

BY GILES MERRITT IN BRUSSELS

MR WILFRED MARTENS, the Belgian Prime Minister, is to hold crisis talks this morning with leaders of the parties in his 10-month-old coalition in an attempt to avert the imminent fall of his Government. But his chances of survival are rated as slim.

The sudden crisis follows the Government's surprise defeat in the Senate on Wednesday in a vote on constitutional reform. It is also expected to lose a vote on the same issue in the Lower House.

Mr Martens' precarious coalition rode out a similar political storm last January.

But it now appears that his proposals for defusing the country's "language war" between francophones and the Dutch-speaking Flemish will trigger defections from inside his own CVP Flemish Social Christian Party, or a massive rejection by the francaphone Parti Socialiste.

Last night Mr Martens' best hope of survival lay in an announcement by former Premier Mr Leo Tindemans, that he would back the reforms—even though he has criticised them in the past.

Soviet dissident sentenced

By David Satte in Moscow

A MEMBER of the Helsinki agreement monitoring group, Miss Malva Landa, has been found guilty of slandering the Soviet state, and has been sentenced to five years of internal exile.

Miss Landa, 60, a retired geologist, is one of several Soviet dissidents arrested in the past few months, but the first to be tried. Others seized recently include two orthodox priests, Fathers Dmitri Dudko and Gleb Yakunin, Miss Tatyana Velikanova, who worked on the unofficial Chronicle of Current Events, and Mr. Antanas Terleckas, a Lithuanian.

Portugal confirms sale of uranium to Iraq

BY JIMMY BURNS IN LISBON

REPORTS THAT Portugal has negotiated the sale of processed uranium to Iraq in exchange for increased trade links and oil supplies were confirmed yesterday by a leading official of the Portguguese national energy commission, the Direccao de Geral de Energia (DGE).

According to Sr. Carreira Pich, head of the DGE's nuclear board, Portugal will provide Iraq with an unspecified amount of processed uranium ore which cannot be used directly in the manufacture of nuclear weapons. He admitted, however, that were the Iraqis to obtain the necessary technical capability Portuguese uranium "could find itself being used eventually for non-peaceful ends."

Both Portugal and Iraq are signatories of the 1968 Nuclear Non-proliferation Treaty, and the latest supply of uranium has reportedly been approved by the Vienna-based International Atomic Energy Agency. Nevertheless, the deal could add to concern over the ease with which Iraq is obtaining international help for its nuclear energy programme.

Controversy still surrounds France's agreement to supply weapons-grade enriched uranium and a research reactor to Iraq, although French officials have insisted that all non-proliferation precautions are being applied.

Portugal's sale of uranium to Iraq forms part of a major diplomatic and commercial offensive aimed at bridging an unexpected 3m tonnes shortfall in oil supplies for 1980. It is also seeking ways of offsetting an expected rise to $1.3bn in its oil imports this year. Iraq is Portugal's major oil supplier, contributing over 40 per cent of total oil needs.

Between 1973 and 1979 Portugal's trade deficit increased from Es 1bn (£90m) to over Es 11bn (£1bn). It has a national stockpile of approximately 778 tonnes of natural uranium.

Swiss denial on Pakistan nuclear deal

By Brij Khindaria in Geneva

THE SWISS Government has denied that it allowed exports to Pakistan of equipment which might boost that country's ability to build uranium enrichment facilities and develop nuclear military technology.

Replying to a question in Parliament, the Government said in a statement that equipment supplied by two Swiss companies was not on the list of controlled exports.

Reuter adds from Buenos Aires: West German and Argentinian officials have reached agreement on supplying a West German nuclear reactor to Argentina, the Government announced yesterday. The agreement must still be endorsed by both governments.

The Argentinian military Government ordered the 600 MW reactor last October from mW reactor last October from Kraftwerke Union for its third nuclear power plant, Atucha II.

Equal pay for women upheld by EEC court

By A. H. Hermann

A WOMAN'S right to equal pay with that of a man doing the same job was reinforced by the European Court in Luxembourg yesterday.

In a judgment answering questions submitted by the London Court of Appeal, the European Court confirmed that Mrs. Wendy Smith, a former employee of Macarthys, was entitled to be paid the same rate for the job as the man who preceded her in the company's employment.

Macarthys claimed that under the Equal Pay Act, a woman could compare her pay only with a man employed simultaneously, and not with one who left the job before she started.

The Industrial Tribunal decided against Mrs. Smith, but the Employment Appeal Tribunal reversed its decision, holding that such an interpretation of the Equal Pay Act would be inconsistent with the EEC principle of equal pay

Another question submitted to Luxembourg by the Court of Appeal concerned the possibility of comparing a woman's pay with that of a hypothetical male employee.

The court said this would not be possible without branch studies and guidelines established either by the national government or the EEC Commission.

Two more references concerning equal pay are pending before the European Court. One, concerning a retirement benefit scheme, comes from the Court of Appeal and arises from a dispute between Lloyds Bank and its female employees. The other, from Ireland, concerns time-rate of pay.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Vance denies rumour of resignation

BY DAVID BUCHAN IN WASHINGTON

MR. CYRUS VANCE, the U.S. Secretary of State, swiftly quashed rumours yesterday that he might resign from the Administration early because he had been blamed for the "erroneous" vote against Israel at the United Nations.

He also assured the Senate Foreign Relations Committee that the Carter Administration was still committed to a Middle East peace settlement that "would strengthen the security of Israel, to which we remain unshakeably committed."

The UN vote fiasco has to some extent focused on the Secretary of State's criticism that Mr. Carter's foreign policy lacked consistent direction.

The complaint was echoed by several senators who said that yesterday's hearing was a step towards a full-scale review of how the U.S. should conduct itself in the 1980s.

Mr. Vance's presentation was most notable for its emphasis on building up U.S. military *might to match Soviet power as* the pre-requisite of American foreign policy.

He cautioned senators about the consequences of the SALT II treaty not being ratified by the Senate.

In the absence of a treaty, he said, the Soviets might be able to double their stocks of nuclear warheads; could endanger new U.S. systems like the MX, and would be able to conceal future missile tests and *programmes.*

But he would say only that the Senate should move ahead on the treaty "at the earliest feasible time," recognising that with Afghanistan and the ten*sions between the two super*powers, the climate for SALT ratification on Capitol Hill was not propitious.

Nuclear utility charged with lax security

BY IAN HARGREAVES IN NEW YORK

COMMONWEALTH EDISON, the largest nuclear power utility in the U.S., has been accused of trying to cover up breaches in security at one of its plants.

A Federal Grand Jury in Springfield, Illinois, indicted the company on nine counts of conspiracy to avoid implementing a security plan approved by the Nuclear Regulatory Commission. Two company officials at the Mississippi River plant near Chicago were also named *in the indictment.*

The charges come only a few weeks after President Carter quietly lifted the moratorium on new nuclear plants and at a time, with demonstrations being held to mark the first anniversary of the Three Mile Island nuclear accident, when public protest about the dangers of nuclear power is again becoming more vocal.

The indictment alleges that as part of a conspiracy the company's executives ordered security guards to falsify records by covering up the fact that doors to a vital area of the plant had been left unlocked and unguarded. The presence of unescorted visitors in the plant had also gone unrecorded, it was charged.

Commonwealth Edison, whose headquarters are in Chicago, said it would defend itself and the named employees, the plant superintendent and his security director. "The company believes it is not guilty of any wrongdoing," it said.

Both men are in the posts they held at the time of the alleged conspiracy in 1976-77.

One of the arguments of the anti-nuclear power lobby is that nuclear installations present an unacceptable risk to the communities in which they are situated because of the possibility of terrorists gaining access to the plant and threatening to release radiation.

Brazil cost of living 'to rise 60%'

By Diana Smith in Brasilia

BRAZIL has revised its forecasts for inflation this year, and now admits the cost of living probably will rise more than 60 per cent.

Early this year, the Government set a goal of 40-50 per cent for inflation in 1980—a sharp drop from last year's rate of 77.4 per cent. But Sr. Antonio Delfim Netto, Planning Minister, has now said that "realistically" he would be satisfied if inflation stayed at about 55-60 per cent.

Brazil's economic "think tank," the Getulio Vargas Foundation, has warned that the country's $52bn foreign debt has reached a "point of real danger."

But according to its latest report, "Brazil's major trump card lies in the fact that the debt is so large. This generates reciprocal dependence between creditor and borrower."

Brazil owes the largest hard currency debt in the world.

Carter hopes 'rose garden' plan can still beat Kennedy

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PRESIDENT Jimmy Carter has *decided not to forsake the White* House for the campaign trail in the next couple of weeks, while Senator Edward Kennedy is still unsure whether or not to make an effort in the next important primary in Wisconsin on Tuesday. President Carter's strategy is based on the assumption that this week's losses in New York and Connecticut notwithstanding, his "rose garden" approach —remaining in the White House—will still work in many of the upcoming primary states not known to harbour much *affection for Senator Kennedy.*

In many of these states, the Carter-Mondale campaign is well organised, whereas the Senator's is not, thus, it is argued, making it all the more difficult for Mr. Kennedy to average more than 60 per cent of the vote he needs, with proportional representation determining the award of delegates, to overcome Mr. Carter's present lead.

It is a strategy, which is not rock-hard. There now exists at least the possibility that Mr. Kennedy's rejuvenated campaign will make major gains, thus nullifying such organisational and financial advantages at present enjoyed by the President.

This is Senator Kennedy's principal hope and the reason for his dilemma over Wisconsin, often considered something of a bell-wether state. If Mr. Kennedy puts on a major, belated push in Wisconsin in the next few days, but still comes out at the short end, then his drive for the nomination will once again have been stalled.

If he largely ignores the state and still does well there as a result of the momentum generated by New York and Connecticut, then he will have lost nothing.

According to present plans, Mr. Kennedy leaves again on the campaign trail today for a six-state Midwestern swing that does not include Wisconsin on the agenda—though it would be easy to arrange some last minute appearances there.

He is going to Kansas, which also holds a primary next Tuesday and where the President had been heavily favoured. The goal there, and in other states, is to nibble away at Mr. Carter's presumed advantages, thus denying him the margin of victories which would raise the threshold for Mr. Kennedy in all in subsequent primaries and caucuses.

Experience so far in this election year suggests that there is a spill-over effect from one primary to the next, even if they are in different parts of the country.

President Carter's triumph in Florida, for example, would probably not have been as large if he had not emerged from New England in such good shape. The same applies to Mr. Ronald Reagan's in South Carolina, where he campaigned only perfunctorily and where Mr. John Connally had invested so much time and money.

If Senator Kennedy were to benefit from the same factor—and if Mr. Carter's standing were to be eroded dramatically—then the President would probably have no alternative but to get out of the White House and do what he has a record for doing rather well—campaigning.

Consumers start to feel the credit pinch

BY DAVID LASCELLES IN NEW YORK AND MARALYN EDID IN LONDON

LITTLE BY LITTLE, the effects of the U.S. Federal Reserve's new credit restrictions are trickling through to the American consumer. Banks *are cutting back on credit cards,* stores are tightening up on repayments. Even the big petrol companies are mulling changes in the credit terms they offer their customers. Beneficial Corporation, the biggest U.S. finance company, is to cut back its consumer loans by about 5 per cent, and shut more than 100 of its 2,300 offices nationwide.

The impact of all of this will be to make life a bit tougher for the man i nthe street, which is what President Jimmy Carter intended when he announced his package. There is a feeling that many of these measures are unnecessary, since *consumer credit was not getting* out of control.

In fact, the Fed indicated yesterday that it may ease some of its regulations to allow credit to grow a little faster than planned.

The bank have generally been quickest to act, probably because their profits are being squeezed as interest rates run up again the ceilings imposed by many states. (In Arkansas, for instance, the maximum interest chargeable on retail accounts is 10 per cent. Illinois limits bank card interest to 18 per cent, yet the prime rate is already 19 per cent).

The most vocal bank in this regard, Citibank of New York, has stopped issuing its two principal credit cards, Mastercard (formerly Master Charge, equivalent to Britain's Access card), and Visa. It has also slapped stiffer repayment terms on existing card accounts — cash advances will be limited to $800 (down from whatever the cardholder's credit limit was), and minimum repayments will be raised from $5 to $15. Citibank also announced that it was cutting back on various types of lending, like mobile homes, student and home improvement loans. But it pledged to honour e—isting overdrafts and the like.

Other banks have taken broadly similar steps, though they differ in emphasis. First Chicago put a $20 annual fee on its cards. Bank of America, the largest U.S. bank, stiffened approval criteria for new card applicants and increases in credit limits, and added: "Additional measures designed to further restrict growth in credit card loans are still being considered."

Tighter credit is also the order of the dya at many department stores. Sears Roebuck, the giant retailer with some 23m charge accounts, is raising *minimum repayments.* However Sears took a big step towards tighter credit last January, when it decided to charge customers interest from the day of purchase rather than the billing date, eliminating about 15 days of free credit for the average cardholder.

Net increase in consumer instalment credit outstanding. $bn			
1975	7.8	1978	44.8
1976	21.6	1979	35.7
1977	35.3	1980 Jan. only	1.4

Source: Federal Reserve Board.

Other stores who have tightened credit include J. C. Penney, the second largest chain *in the country, and* Montgomery Ward, the retailing subsidiary of Mobil Oil. However, stores have also run up against state interest rate ceilings, an dmany of them have joined the banks in lobbying for change.

The other big account holders are the petrol companies, and *here, too, changes are on the* way. Texaco, the country's fourth largest credit card issuer, requires a 3 per cent monthly servicing fee on many types of credit transactions, and other oil companies have similar measures in the pipeline.

Many of these changes are predictable and straightforward. Harder to gauge is the effect of the Fed's decision to impose a 15 per cent non-interest-bearing reserve on money market funds which have attracted some $60bn in individual savings.

The Fed's requirement applies only to amounts in excess of sums deposited by the close of business on March 14. But this poses fund managers with something of a dilemma.

The requirement effectively reduces the yield of the funds. But *should all investors bear* the brunt of this, or only those making deposits after March 14? There is no clear-cut answer. Some funds have simply lumped all deposits together and reduced the yield. Others have set up separate "clone" funds for new money, which carry this lower interest rates but leave the "parent" fund's yield unchanged.

All these measures have attracted a lot of publicity, but they could hardly be described as drastic. Only those people who had no credit facilities at all before the package will be seriously affected. The rest will still have access to credit, though at a slightly higher cost. Many critics wonder whether the measures were needed in the first place. Consumer credit was not a major factor in the growth of total credit before the package, and though it was rising, the trend was far from alarming. Total Mastercard and Visa credit last year rose 17 per cent to just over $25bn, but *the year before it had risen* about 40 per cent.

This may explain why some issuers of credit have been conspicuously slow to tighten their terms.

Continental Illinois, the large Chicago bank, reported this week that outstanding consumer credit actually dropped by 7.3 per cent in the first 12 weeks of this year, and by 9.3 per cent when interest charges are including. Analysts are not rushing to draw any conclusions, but the numbers suggest that consumers are cutting back of their own accord. oFr this reason, Continental Illinois is relaying a decision on what to do about its 2.1m cardholder accounts.

A similar picture comes from Exxon, the largest U.S. oil company, with 6m credit card accounts. A spokesman there said there had been no significant change in the volume of credit card charges recently, and the company was still examining what changes, if any, are needed.

Senate passes windfall tax Bill

BY OUR WASHINGTON CORRESPONDENT

THE U.S. senate yesterday finally passed the $227bn Bill imposing a windfall profits tax on the oil industry. The measure has already been approved by the House of Representatives and President Carter is expected to sign it shortly.

Although the revenues that *the graduated tax will raise* are $50bn less than originally proposed by the President, its passage into law nonetheless represents a landmark achievement for Mr. Carter's often battered and delayed energy programme.

The tax was designed to offset industry profits that are accruing from Mr. Carter's phased decontrol of domestic oil prices. Over half of its proceeds will be used to finance subsequent tax reductions, with the balance going to assist public transport, other energy development, and to help alleviate the *burden of higher oil* prices on the poor.

It had been sharply fought by the oil industry, especially the independent companies, who believed they were being unfairly treated, and by those philosophically opposed to constraints on the industry.

Perhaps the most fervent of these, the Wall Street Journal, yesterday published an editorial, bordered with thick black lines in the manner of an obituary, decrying what is called "The Death of Reason."

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
Amro Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½ %
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	18½ %
Banco de Bilbao	17 %	Langris Trust Ltd.	17 %
Bank of Credit & Cmce.	17 %	Lloyds Bank	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	17 %	Midland Bank	17 %
Banque Belge Ltd.	17 %	■ Samuel Montagu	17 %
Banque du Rhone et de la Tamise S.A.	17½ %	■ Morgan Grenfell	17 %
Barclays Bank	17 %	National Westminster	17 %
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	17 %	P. S. Refson & Co.	17 %
■ Brown Shipley	17 %	Rossminster	17 %
Canada Perm't Trust	18 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	17 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Standard Chartered	17 %
C. E. Coates	17 %	Trade Dev. Bank	17 %
Consolidated Credits	17 %	Trustee Savings Bank	17 %
Co-operative Bank	*17 %	Twentieth Century Bk.	17 %
Corinthian Secs.	17 %	United Bank of Kuwait	17 %
The Cyprus Popular Bk.	17 %	Whiteaway Laidlaw	17½ %
Duncan Lawrie	17 %	Williams & Glyn's	17 %
Eagil Trust	17 %	Wintrust Secs. Ltd.	17 %
E. T. Trust Limited	17 %	Yorkshire Bank	17 %
First Nat. Fin. Corp.	18½ %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over 1,000 15%.
§ Demand deposits 15%.

ENERGY REVIEW BY DIANA SMITH IN BRASILIA

Brazil's nuclear dilemma

WHEN BRAZIL'S most powerful Minister who normally gets his way, lets it be known that he dislikes the $15bn nuclear energy programme, observers *may be forgiven for* thinking the programme is in jeopardy.

But nuclear energy is an area in which Sr. Antonio Delfim Netto, Planning Super-Minister, is not being allowed leeway. The message, transmitted by the spokesman for the Presidency of the Republic, Sr. Said Farhat, could hardly be clearer: "the decision has been taken. The programme will go ahead. No dissenting Government voices will be tolerated," Sr. Farhat snapped at a recent Presidential Palace news conference. The public was free to voice its criticism, Sr. Farhat said, in the Cabinet however, *the matter was closed.*

The matter may be closed in Cabinet, but the Press and Parliament are patently resolved to keep it open to the public. Thus, the nuclear energy authorities must regularly attend marathon question and answer sessions covering costs, safety procedures and, always, the *leit-motiv: can Brazil, a de*veloping country short of cash, technical and managerial capacity, hammered by inflation and in debt to the outside world to the tune of $52bn afford to spend $15bn to supplement hydro-electric capacity of 200,000 MW with 10,600 MW of nuclear energy by 1995?

Sr. Paulo Nogueira Batista, president of the National Nuclear Energy Agency, Nuclebras, maintains that Brazil not only can but must embark now on nuclear energy projects to avoid breakdown of the electricity system at the end of the century.

His argument is this: there may be hydro-electric capacity of 200,000 MW, but, with growth of consumption of 12 per cent a year, it will be under 100 per cent demand in AD 2000. It must be supplemented. Since Brazil enjoys natural uranium reserves of 215,000 tonnes—enough to run 35 1,200 MW reactors for their entire useful life—what is more logical than putting them to use?

Sr. Nogueira Batista admits that it is taking far longer to build reactors and train personnel than originally anticipated: a nine- rather than seven-year building programme per reactor. Nevertheless, he says, when Brazil masters techniques, processes will accelerate. After the turn of the century, it will be *possible to put new reactors on* stream rapidly.

As the programme now stands *under the agreement on peace*ful uses of nuclear energy signed by the Brazilian and West German foreign ministers in June, 1975 (in a mood of euphoria) Nuclebras placed firm orders for four light water enriched uranium reactors with full absorption of equipment manufacturing technology, from Kraftwerk-Union (KWU).

As of 1985, if prices and terms are competitive, KWU has a preferential option to sell Brazil four more reactors. At this stage, assuming technology is well-absorbed, a large portion of components will be made in Brazil. Meanwhile, Brazil is absorbing technology *for the full uranium cycle.* During the late 1990s enrichment and reprocessing plants are due to come on stream—but not until all eight reactors have started up.

Consolation

That Brazilian authorities have no intention of putting a commercial-scale reprocessing *plant on stream in the near* future is a source of consolation to those who worry about the sincerity of Brazil's commitment to non-proliferation of nuclear weapons. In other areas especially safety, worries persist.

Events have shown that the site chosen for Brazil's first reactors has serious geological shortcomings. This site, Itaorna Beach in Angra dos Reis Bay in southern Rio de Janeiro State, was surveyed in 1968. Showing solid, shallow bedrock suitable as a base for nuclear plants, it was picked for a once-off turnkey reactor supplied by Westinghouse of the U.S.

That Westinghouse and the Brazilian builders, Norberto Odebrecht, ran into serious drainage and stability problems did not appear to daunt KWU *when the time came to position* the first two German-equipped reactors.

Sr. Paulo Nogueira Batista, head of the nuclear agency — Sr. Antonio Delfim Netto, Planning SuperMinister — Sr. Said Farhat, spokesman for the Presidency

At face value, KWU accepted Itaorna—an Indian word which means "strange rock"—without resurveying. Wags suggest that the German concern would have done better to study the ancient Indian tongue.

KMU's haste to move on site and start building has been explained by its serious overcapacity in 1976. But that haste led to delays of at least three years in completing its first Brazilian reactor: far from being shallow or solid, bedrock in the area accepted by KWU lies 30 metres below the surface and is abruptly interrupted by what has transpired as Brazil's only *seismic fault, a 40-metre sheer* drop after which the bedrock carries on at this lower level.

None of this showed in the survey. Unfortunately, Brazil has no earthquake history. The nearest *seismic* movements are thousands of miles out in the Atlantic. But techniques needed *to deal with the unexpected* geological quirks have pushed the cost per installed kilowatt *up to $1,500 compared with the* original budget of $1,000.

To get round the problem, KWU had to show the builders how to manufacture long, steel reinforced concrete stacks. Training took a year. Laying the first stacks at a cost of over $30,000 each (1978 prices), took another year. It *has taken since* June 1979 for KWU, Furnas (the Rio de Janeiro regional *electricity Board which will be* concessionaire for Itaorna units) the Nuclear Energy Commission (CNEN), safety and quality control watchdog, and independent Swiss consultants called in by a thoroughly-worried Furnas to haggle over the safety of existing stacks—*which the Swiss wanted to be* removed and reinforced.

A compromise was reached: the present set was found stable enough to support a reactor. A further set of about 200 will be added at vastly-inflated 1980 prices.

With luck, the first German reactor will start up in early 1987. Angra dos Reis, *CNEN has* decided, is suitable for another German - equipped reactor. Macro - regional studies begin this year for siting of the third and fourth German reactors, elsewhere than Angra.

Under fire

Meanwhile, Furnas lost £25m last year thanks to Itaordna, and has a reactor construction budget of £140m for 1980—which will cover work on stacks and little more. KWU is being asked to hold back delivery of equipment already manufactured for its first reactor here, whose original start up date was 1983. Eletrobras, Brazil's national electricity agency, is muttering about the advisability of letting KWU *manage later reactor projects,* CNEN is under public fire for latter-day attention to safety.

There are burning questions to be solved: especially location of low and high level radioactive waste: the authorities were caught by the press in the act of choosing an area near the city of Rio de Janeiro as a dump for low-radioactivity waste. They had to backtrack *after the ensuing outcry. The* impression gleaned by the public and the media is that although the Government repeatedly asserted that the nuclear programmes were through painstakingly, implementation has been more of a Brazilian exercise in "do first, work it out later." Having no *present technology and little* but raw uranium to export at this time, Brazil has embarked *on broad-based peaceful nuclear* technology cooperation agreements with Venezuela and Iraq and is now firming up a similar pact with Argentina.

Patently, the authorities seek a prestigious political place for Brazil in the international nuclear scene. It is this, as much as stated needs for complementary electric energy that seems to motivate the National Security Council to dismiss arguments over costs and technical shortcomings and to assert that, with due regard to International Atomic Energy Agency safeguards and attention to domestic safety, Brazil *is going peacefully nuclear,* come what may.

But widespread criticism is *not dying down. As question*ing by the media and politicians becomes more aggressive, answers are more *defensive.* It seems the hydro-electric lobby still hopes to win the day.

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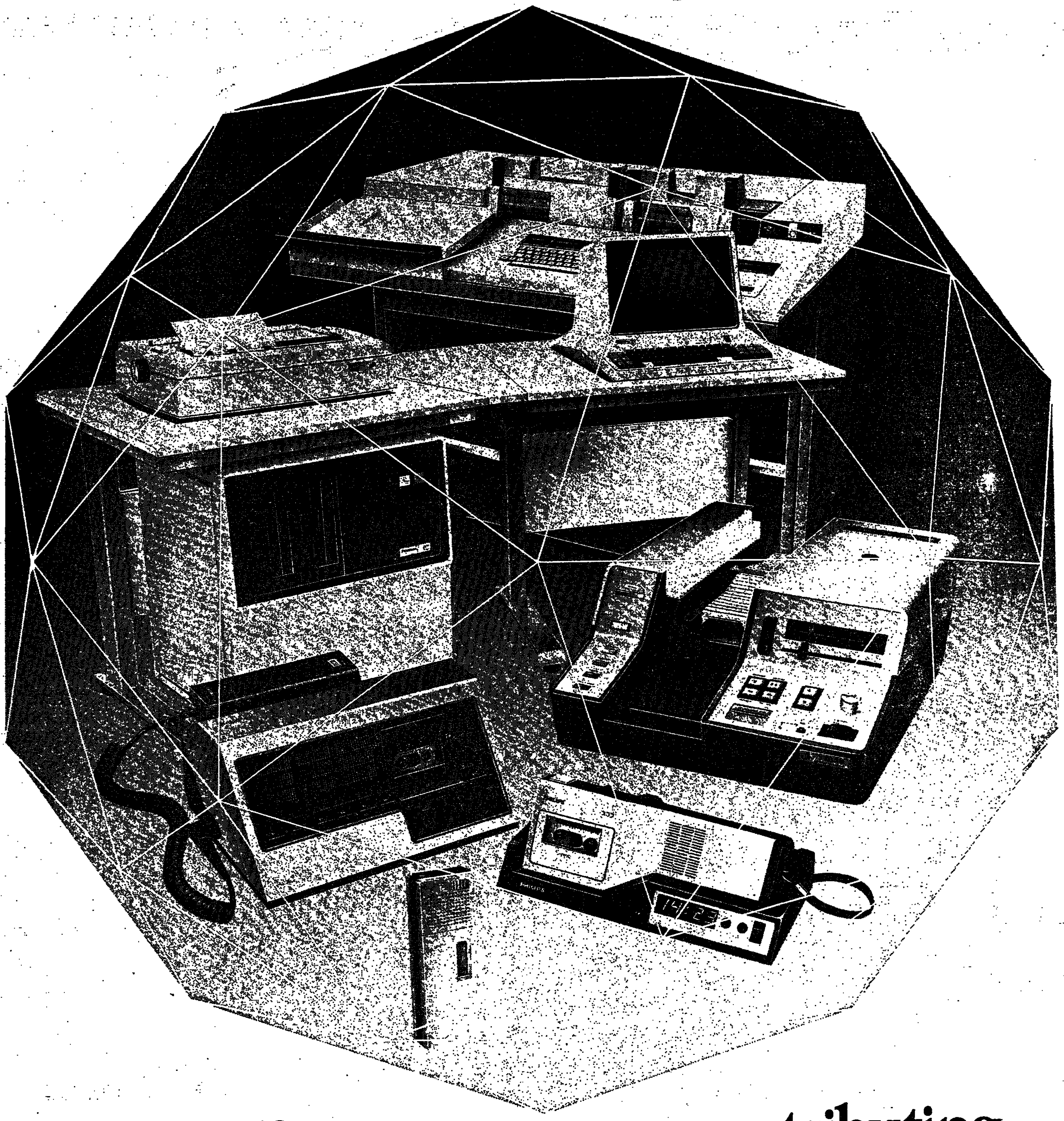

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UN calls for $106m as Kampuchea relief breaks down

BY OUR UN CORRESPONDENT

INTERNATIONAL EFFORTS co-ordinated by the United Nations for famine relief in Kampuchea are in serious disarray following the breakdown of the port of Phnom Penh and consequent distribution problems.

Nevertheless, an appeal has been issued for a further $106m for humanitarian assistance ove the next 90 days.

The lives of 5m Kampucheans are said to depend on adequate response.

The initial interview was to ask for $260m fo ra six-month period.

But this was apparently abandoned because of hesitation by donor nations.

A UN report, submitted to delegates who attended a conference here of countries which had previously donated aid said: "Unless additional contributions are forthcoming immediately, there will be no possibility of continuing the provision of the essential basic food and urgently needed agricultural inputs, as well as health services, for the Kampuchean people."

Sir Robert Jackson, the British official who runs the relief operation mounted by the International Red Cross, the UN High Commissioner for refugees, the World Food Programme and the UN, said at the conference that the programme was close to bankruptcy.

He said the supply crisis was aggravated by the collapse of the port of Phnom Penh and the fact that the relief officials from functioning, except by remote control from New York, Geneva, Rome and Bangkok.

Sir Robert said it was for governments to decide whether they were justified in offering more funds in present circumstances.

Famine still stalks the survivors of Pol Pot

BY NAYAN CHANDA, RECENTLY IN KAMPUCHEA

A pole slung between two bicycles serves as an ambulance for Kompong Speu hospital

HAVING GONE through war, massacres, invasion and famine, Kampuchea's surviving hapless population is again on the brink of starvation. An official of Battambang province, once the granary of Kampuchea, said bluntly: "Our province has no food left. We are totally dependent on international aid."

A survey done by United Nations food experts covering about two thirds of the country estimates that Kampuchea will need 220,000 tons of rice between March and December in order to avoid starvation. And to ensure that Kampuchea raises a reasonable crop during the *main* harvesting season 40,000 tons of seed, fertiliser and equipment would have to be delivered to the peasants. Success of this programme would, however, depend not only on the generosity of donor countries to the UNICEF/IRC (United Nations Children's Fund and International Committee of the Red Cross) fund but also on the doubtful abaility of the Heng Samrin regime to distribute aid in time.

Because of the dislocation and *chaos in the aftermath of the* Vietnamese invasion of January 1979 and severe shortage of seed and drought, only about 30 per cent of land was planted last year. Large scale famine before the harvesting of meagre crop was averted by the socialist bloc aid inside the country and massive food assistance was given to the Khmer refugees arriving in Thailand. The December harvest, half of which was lost due to severe drought, has nearly been eaten up. In large areas of the country, especially Battambang, Pursat and Kompong Chhnang people are reduced to eating yams and other roots.

International organisation sources in Phnom Penh say the distribution system of the new regime *built* from scratch has improved since last year and that 30,000 tons out of 35,000 *tons food landed in the country* by the UNICEF/ICRC has been distributed. About 20 per cent of the total food distribution has gone to Phnom Penh which is perhaps the best-fed part of the country. A major portion of the food distributed in the provinces appears to have gone to feed the employees, workers and teachers of the fledgling Heng Samrin administration.

Whatever little food remains after distribution to people on the official payroll has been *given to the civilian population.* Up to March 17 there was no currency and 13-18 kilo of rice was salary. Depending on the distance of the province from Phnom Penh, the efficiency of the Ministry of Commerce in the capital and the transport situation in the province ,civilians have received anything between 2 kilograms to 700 grams per *head a month.*

The major highways in Kampuchea are a driver's nightmare, potholed due to a decade of disrepair and systematically damaged by Pol Pot forces trying to slow the Vietnamese advance in 1979. Acute shortage of trucks, drivers, mechanics and on top of that inability to use the road after sunset because of insecurity make distribution a major problem.

Unless ways are found to improve the delivery from Phnom Penh to the provinces, and more importantly within the province where there are dirt tracks and a few ramshackle trucks just unloading food at Kompong Som port or in Phnom Penh alone will not prevent starvation.

Many Khmer living in provinces bordering Thailand and some from the provinces further to the east have developed their own distribution system. Hundreds of them could be seen on the road leading to Thai border going on bicycles and bullock carts and returning with rice and soyabean distributed by international agencies along the border.

So far, either te Heng Samrin regime nor the Vietnamese troops deployed in strength in the area have not tried to stop this flow although Vietnamese soldiers manning the road blocks have been collecting an unofficial levy of rice from the returnees.

This unofficial "land bridge" has helped in stemming starvation the people benefiting from it *have been those who are* strong enough to pedal a long way or secure a bullock cart. But on a visit a village in Battambank this correspondent saw totally helpless families of widows and children near starvation. A sizeable section of the population, in fact, is so debilitated by prolonged malnourishment and disease that it would be difficult to make them undertake strenous work.

The whole of Kampuchea now presents the spectable of a vast dry field shimmering under the blaze of a relentless sun. Exepting tiny vegetable patches on the river bank there was no sign of any agricultural activity.

Authorities in Kompong *Thom province said* they need at least 7,000 tons rice seed but has only 1,800 tons. The seed that is in stock now in Battambang can be planted only on one-third of the planned 189,000 hectares.

The Government in Phnom Penh hopes that with the introduction of currency—the "riel" —on March 17, a more favourable situation would be created for the revival of agricultural production. The Pol Pot regime had abolished currency but *increased agricultural production* through forced labour and limited ration.

Since the overthrow of the regime agricultural production has been thrown out of gear while rice has become the principal unit for barter for a population avid to secure consumer goods. Limited quantity available of rice has been changing hands to be bartered for other items. The Government is now going to pay salary in "riel" and sell rice and ordinary fabric to the employees at a fixed price.

The plan also is to make cash advance to the peasants so that they can buy the essential goods with cash and preserve any seed rice they might have, and hopefully repay with grain after the harvest.

Bitter fighting erupts again in Chad capital

BY MARK WEBSTER

NO END is in sight to the bitter civil war raging in the sprawling central African republic of Chad, judging by reports reaching London. At least 11 military and political factions are fighting for control of the impoverished desert state, and despite another recent ceasefire agreement there is no immediate hope of a lasting peace.

Yesterday's resumption of intense fighting emphasises that no agreement will stick until a single faction or *coalition of forces achieves victory.* As the ceasefire commission met in the cathedral of N'Djamena, the capital, three major factions were fighting outside.

The essence of the present *troubles is that Chad* is a divided nation, with 2m Moslems in the north and an equal number of Christians and Animists in the south. The northerners are also fragmented into many rival military factions.

Chad was effectively controlled by the southerners until February last year, when heavy fighting drove them out of the capital. Since then, much of the fighting, including the latest outburst, has been between different northern factions vying for supremacy.

Only two of the nine or so northern splinter groups are significant—those led by the President Goukouni Oueddei and by Mr. Hissene Habre, the Defence Minister. The recent fighting has been a power struggle between these two veteran guerrillas.

The principal southern leader, Mr. Wadal Abdelkader Kamougue, the Deputy President, is reported to favour an alliance with President Goukouni, but has not as yet committed himself or his forces. Such an alliance would be extremely unpopular in the north.

In the meantime, Colonel Moammar Gaddafy of Libya is apparently backing the southerners against his fellow Moslems.

The one positive element is that Chad's other neighbours—especiall Sudan, Nigeria and Cameroon—are anxious to stabilise Chad before it begins to destabilise them.

Syrians purge businesses

By Ihsan Hijazi in Beirut

THE Syrian Government is purging the public sector of the economy, following recent unrest in central and northern Syria. The public sector virtually controls Syria's economy.

The state-controlled Press in Damascus has listed 21 Government businessmen being purged. *Many are in Aleppo* and Hama, the two towns where most of the demonstrations and riots took place at the beginning of this month.

The People's Council (Parliament) has begun a debate on security after hearing a Government report on the riots.

Beirut analysts said the economic factor in Syria's crisis appeared to have been submerged by the political aspects. They recalled that the Aleppo unrest started after the Cabinet, *formed in January, took action* to check inflation. They put a strict ceiling on prices after raising wages by as much as 25 per cent.

Some merchants who failed to abide by the fixed prices were actually imprisoned. Syrian officials said a shop-keepers' strike in Alepo and Hama was exploited by Moslem Brotherhood fundamentalists

Russia wants broad talks on Afghanistan

BY DAVID HOUSEGO

RUSSIAN OFFICIALS have been hinting that any future negotiations on Afghanistan should be set in a broader regional framework.

This informal Russian view has been conveyed to Western diplomats in exchanges over the European Economic Community's proposal for a neutral and non-aligned Afghanistan. Diplomats rule out negotiations during the next six months while the Russians step up their attempts to crush Afghan insurgents. But they feel the Russians see tactical value in leaving open the option of talks at some later date.

The suggestion of regional talks ties in with the claim made by Mr. Sadeq Qotbzadeh, Iran's Foreign Minister, earlier this week that the Russians had agreed in principle to regional negotiations on Afghanistan's future.

Mr. Qotbzadeh said Iran believed these should aim at the withdrawal of Russian troops. Possible participants, he said, were the Afghan Government, the Afghan "freedom fighters," Pakisatn, Russia and China.

From Moscow's point of view, broader-based talks would divert attention from the invasion. They would also enhance Russia's influence in Iran and Pakistan. The Russians, it is thought, might be suggesting to Tehran that there could be advantages for Iran in a *regional approach.*

For the West, the risk of accepting regional negotiations is that it would be tantamount to accepting the idea of an Asian security conference—a proposal which Soviet President Leonid Brezhnev has long floated.

Reuter adds from Kabul: Sr. Isidoro Malmierca Peoli, Cuba's Foreign Minister, paid a secret visit to Kabul last week, according to diplomats here, before visiting Pakistan to offer Cuban mediation in the Afghan crisis.

Cuba is the current chairman of the non-aligned movement, and has not yet commented on last December's invasion.

The Cuban envoy left Islamabad yesterday for Havana, carrying a reply from Gen. Zia ul-Haq, Pakistan's military ruler, to President Fidel Castro's mediation offer.

U.S. Steel alone in dumping petitions

By Our World Trade Staff

U.S. STEEL appears to be isolated in its attempts to challenge the flow of imported steel through anti-dumping petitions against *importers.*

Bethlehem Steel has said it does not intend to follow the example of U.S. Steel in filing anti-dumping petitions, and National and Inland, which had suggested filing suits, have so far not come forward with any such action against imports.

David Buchan adds from Washington: The U.S. cannot isolate itself from "the economic realities of the world," Mr. Reubin Askew, the Special Trade Representative, has warned in a speech in New York, and the Administration should only grant American industry relief against imports where it is "clearly justified and appropriate."

Mr. Askew noted that U.S. Steel "has every right" under American law to pursue its suits against European steelmakers. The Administration has reacted by suspending the trigger price system on *imported steel. But he* warned that "if we are not careful, these suits, or others like them, could lead to an escalation of other ongoing trade controversies."

The Carter Administration's free-trade record was good, he told the Council on Foreign Relations, and he cited the example of its decision's last week not to put any curbs on the import of Japanese cars into the U.S. Domestic trade unions have, so far vainly, *urged Japanese car makers to* either set up plants in the U.S. or at least include more American-made components in the final product sold in the U.S.

Brazil urged to lower tariffs

Financial Times Reporter

MR. CECIL PARKINSON, the Minister for Trade, yesterday called for the lowering of the 170 per cent tariff barrier imposed by Brazil on imports of footwear.

Addressing the Brazilian Chamber of Commerce in London, he welcomed recent measures taken by Brazil towards reducing non-tariff barriers but urged it to reduce very high tariffs as well, particularly the "staggering 170 per cent tariff on footwear."

"Our domestic footwear industry is facing a very difficult time and we are inevitably facing calls for widespread protectionism," he said.

China plans UK aircraft office

By Colina MacDougall

CHINA has submitted a request to set up an aircraft office in London. The move, *which is seen as an illustration of China's long-term* intentions and a means of speeding communications between London and Peking, was welcomed by Mr. Francis Pym, Britain's Minister of Defence, and will be discussed with the Prime Minister.

The announcement came at the end of Mr. Pym's visit to China after he had talks with Lu Dong, the Minister of the Third Ministry, of Machine Building which controls aircraft production. The London office, which would be staffed by 10 to 12 people, would be linked to this Ministry with the aim of helping Peking identify its priorities.

This, and the Chinese Minister of Light Industry's acceptance of an invitation to visit Britain later this year, are the tngible results of Mr. Pym's five-day visit to China

Soviets offer Tehran spare parts for oil production equipment

BY SIMON HENDERSON IN TEHRAN

THE SOVIET UNION has suggested to Iran that it should supply badly needed spare parts for Iran's oil and gas production equipment, according to officials here.

Implicit in the deal is the successful resolution of talks on Iranian gas exports to the Soviet Union which broke down two weeks ago because of disagreement over price.

Iran's oil industry has been short of spares since the U.S. embassy in Tehran was taken over last November. The U.S. was previously the main supplier of equipment but, since Washington banned trading with official Iranian organisations, the National Iranian Oil Company has had to seek supplies elsewhere Unconfirmed reports suggest that falls in production may be partly attributable to the breakdown of equipment which cannot be repaired.

Any Soviet supply of spares would give Moscow its long-feared initial hold on Iran's oil fields.

Since the embassy takeover the Soviet Union and its Eastern European allies have continued to trade with Iran and have probably expanded it. Iran's trade with the U.S. has, meanwhile, diminished to zero and that with Western Europe has stagnated. These developments have occurred in spite of Iranian condemnation of the invasion of Afghanistan.

The southern Soviet republics of Armenia, Georgia and Azerbaijan have depended on Iranian gas exports, a by-product of oil production, exported along the Igat-1 pipeline, for several years. Since the revolution volume has been very much less than contracted and Iran has insisted on a five-fold price rise.

During the recent talks, the Soviet Union proposed only a 3½ times increase to a figure of $112 per 1,000 cubic metres.

There is no indication that Iran will accept the Soviet offer. Gas supplies remain suspended after two breaks earlier this month in the pipe, caused by a landslide and a natural explosion. The resumption of supplies is seen to be dependent on mutual agreement on price. The Soviet delegation is said to have *returned to Moscow* to work out a spare parts agreement with its Government, but there is no date fixed for its return.

Japanese funds for Iran chemical works

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

THE JAPANESE Government, which decided in principal last October to support the $3bn Iranian petrochemical project in which Mitsui is invloved, is now to make its first actual disbursement of funds for the project.

The disbursement will take the form of Y2.8bn (£5.1m) contribution to the capital of Iran Chemical Development Corporation (ICDC), the joint venture company headed by Mitsui, *which is the Japanese* partner in the project. The body putting up the funds will be the Overseas Economic Cooperation Fund (OECF), a governmental soft loan agency.

OECF undertook last year to contribute a total of Y20bn to the capital of ICDC but has made no move to hand over any of this money until now. Action on the project was delayed from November onwards as a result of political tensions generated by the siezure of the American hostages in Tehran.

The OECF's Y2.8bn is expected to be used to meet costs which have been incurred during the long delay in construction work on the Iranian project.

Its action in disbursting a portion of the promised official contribution to the scheme is apparently meant to be seen as a demonstration of Japanese "sincerity" towards the Iranian authorities.

Kuwait negotiates stake in S. Korean refinery

BY LESLIE DE QUILLACQ IN KUWAIT AND PATRICK COCKBURN IN LONDON

KUWAIT IS negotiating to buy 25 per cent of a South Korean oil refinery at Ulsan. As part of the deal South Korea wants to purchase 100,000 barrels a day of crude oil from Kuwait, aparently on a direct Government-to-Government basis.

The refinery is jointly owned by Gulf Oil and the South Korean Government. The Kuwaitis will be buying their *share of the refinery from the* latter. While reports from Kuwait suggest that an agreement has been reached, officials in London say that negotiations are continuing.

From April 1 Kuwait is drastically reducing the amount of oil it sells to its major customers, Gulf, British *Petroleum and Shell. Under* last week's agreement with British Petroleum, Kuwait has apparently obtained the right to refine part of its own crude at selected BP refineries.

The other companies have *reportedly rejected the Kuwaiti* demand that it be allowed to refine a quantity of its own crude, amounting to 25 per cent of the customers' contract, at any of their refineries.

Rise in LPG trade seen

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THE MARKET for liquefied petroleum gas (LPG) carriers is expected to improve sharply *later this year. Freight rates* which have already risen from $200,000 per month to $650,000 per month over the last year, are forecast to top $1m a month before the end of 1980.

The estimated long haul LPG trade is running at 11.5m tons per annum and is expected to double by 1985 and double again by 1990. This is the view of Mr. Nevil Proes, senior vice president of gas carriers, Gotaas Larsen, who was speaking at the Money and Ships 1980 conference organised by Seatrade magazine.

By contrast Mr. Proes is less optimistic about the outlook for the world's fleet of 53 liquefied natural gas carriers. Only 43 of these ships have found employment, the rest are laid-up and he expects the surplus to continue until 1985 at least. Another 21 ships are under construction.

How Dubai's souk 're-exporters' cash in on Iranian confusion

BY KATHLEEN BISHTAWI IN DUBAI

ABDUL AMEER'S shop in the souk has a frontage of not more than eight *feet. He sits amid* the cartons of steam irons, portable TVs and casette recorders behind a tiny desk, moaning about business. "It's the Iranian New Year," he explains. He has sold only 7,000 television sets *this month.* "*Very slack,*" he says moodily.

He brightens momentarily with the entry to his shop of two Baluchis. They chatter away for 10 minutes in one of the four languages he speaks. "They want *19,000* radios." He smiles.

This in many ways is the real Dubai, the heart of its business and its success. When the oil runs out, Dubai can always return to its ancient trade of smuggling (which is how neighbouring governments view it)—or re-exporting as Dubai Government officials delicately put it.

For decades, Dubai has been *the re-exporter to the Third* World, mainly to India, Pakistan and Iran, as well as the surrounding Arab countries. It first began in a big way with gold in the late 1960s, but since then the emirate has become the provider of TVs, washing machines, stereos and all the *luxury items the Third World's* elite thirst after but frequently cannot acquire because of regulations in their own home markets.

Those hand-made wooden dhows which line the creek are *not only beautiful to look at.* But are big business also. Indeed, it is said in Dubai that one can always assess the level of a week's business activity by a glance at the creek. If the dhows ar estacked in three *rows at the creek side, then* business is good. If there is only one lin eof Dhows, then it is bad, as Abdul Ameer would say.

Today, with chaos in Iran, the Iranian merchant class having *fled to Western capitals and so* many goods forbidden under the Ayatollah Khomeini's fiery brand of Islam, Dubai and other centres like Kuwait have witnessed a flip in trading. "When there is revolution or political *upheaval in either India, Iran or* Pakistan, then Dubai sees a profit," commented one seasoned observer.

The Iranians are ordering anything and everything in sight, say Gulf merchants—from tea to Toyotas. One Tehran merchant representing Gibson Airconditioners of the U.S. in Iran, the country's most popular brand, is fighting the new Government's boycott of U.S. goods by importing his units from Kuwait. Another Kuwait merchant reports that he sold *nearly $5m (£2.3m) of Japanese* cars in one order to an Iranian. The Kuwait Chamber of Commerce estimates the re-exports to Iran this year will total about $150m, although Iran comes way down on the list of its principal *re-export markets* after Saudi Arabia and Iraq.

It is difficult to assess which is the most prominent re-exporting centre, for official statistics belie the true trade position. However between Dubai and Kuwait, *these appears to be an unwritten* arrangement slicing up the Iranian market. One Dubai businessman, known for his massive Iran trade, suggested that Kuwait looked after Abadan, but Dubai looks after *everything south of these*, including the big centres of Khoramshahr, Bandar Abbas and the ports of Iranian Baluchistan.

Since the revolution in Iran, Dubai Government statistics show a rocketing in trade. Re-exports to Iran in 1979, according to official figures, were $242m compared with $154m the year before. Nearly half of this in both years went on manufactured goods.

Local Government officials believe that these figures reflect only a small proportion of what *is actually going out because* exporters are not required to register their outgoing sales. However, the nearest guess for re-exports is that they represent some 30 per cent of Dubai's imports, which last year amounted to $4.5bn.

However, the pattern of trading with Iran has changed since the revolution. Manufactured goods have remained more or less stable, but imports of foodstuffs from Dubai have risen *sharply. These went up four* times last year, with the principal commodities being rice (mainly American) and tea. Tobacco imports into Dubai alse rose 81 per cent in 1979, most of them going straight out again. *Also going out in a very discreet fashion* to Khomeini's dry republic is alcohol, although the sourcing of supplies is not Dubai.

The top names in Dubai, many of them Iranian in origin, are reliant on this trade. Al Futtaim, one of the largest trading empires in the southern Gulf, has a turnover on its trading arm of $270m, of which 65-70 per cent ends up outside the country, according to Mr. Anwar Masoud, its marketing vice-president.

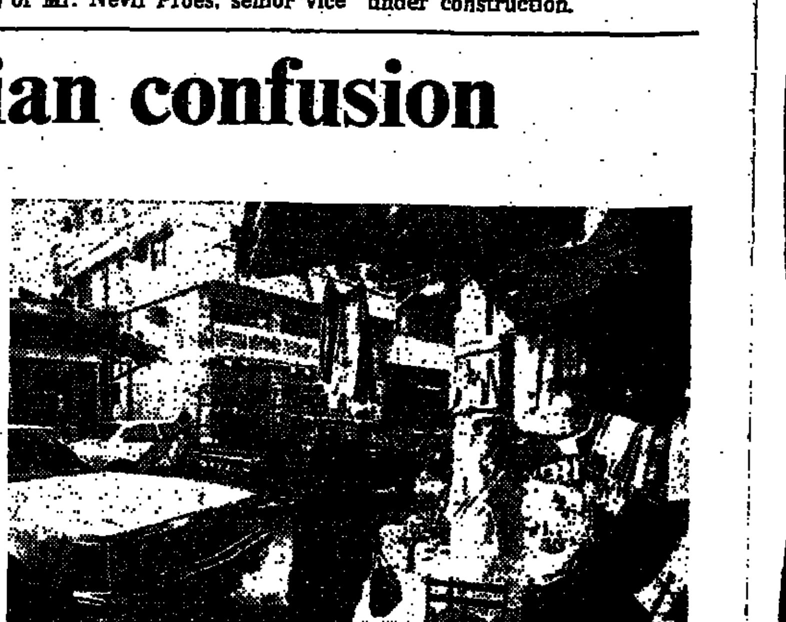
Al Futtaim represents many Japanese electronic manufacturers and several Swiss and Japanese watchmakers, very few of which are sold through their own company showrooms. Such is their re-export trade "that we have never paid any attention to the so-called UAE recession," says Mr. Masoud.

About 90 per cent of their sales each year are conducted through the creek-side dealers in the Souk, through such outlets as Abdul Ameer's shop, and each year sales are rising by a brisk 25-30 per cent. An indication of just how much is going out is revealed by Al Futtaim's watch imports each year—over 1m.

Souk dealers have noticed considerable changes in the Iran trade since the revolution, however. Before, the "re-exports" were going through the main Iranian ports and Kish Island, the former regime's gambling playground. Whereas before the trade was conducted mainly by grey-suited Iranian merchants from Tehran and the southern shore areas, it is now the Baluchis who are making an art of smuggling into Iran.

"The Iranians—and the army—do not seem to interfere in the trade," said one Souk dealer. "I suppose they feel they have enough on their hands with the Kurds, the Turks and the Arabs without upsetting the Baluchis also." Frequently, shabby looking Baluchis are acting as messengers and buyers for dealers in the two Baluchi ports of Chahbahar and Kunareck and the hinterland centre of Zahadan. From Zahadan, Dubai's TVs, radios and casette recorders travel, often by camel, say dealers, into the whole of Iran up to the Soviet border, and over the hills into Afghanistan, Pakistan and even into China.

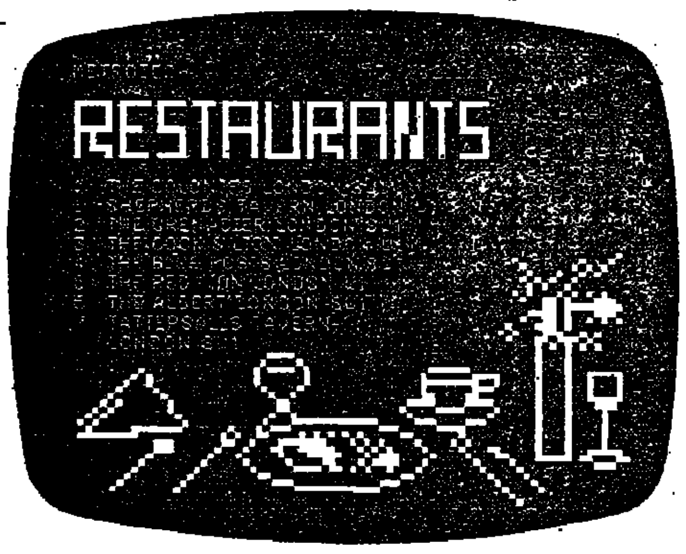
And frequently, these Baluchi dealers are carrying amazing amounts of cash to pay for their orders, for very few transactions these days are conducted through letters of credit from Iran. Shabby looking Baluchi sailors are often to be found wandering around Dubai Souk with up to $800,000 in Iranian tomans.

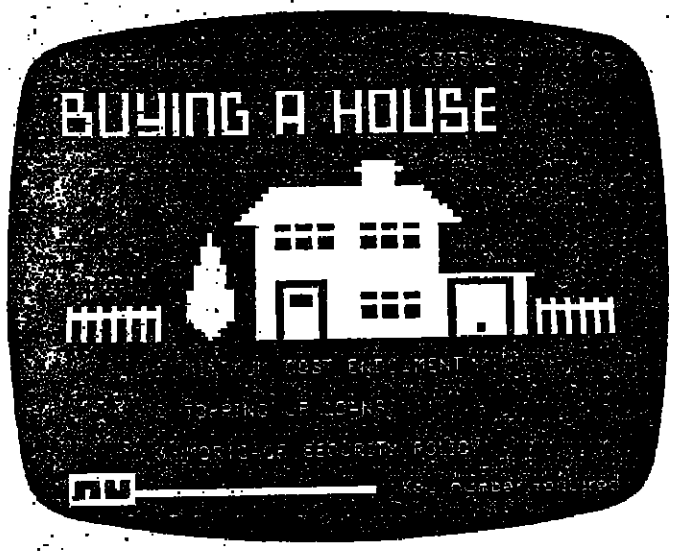


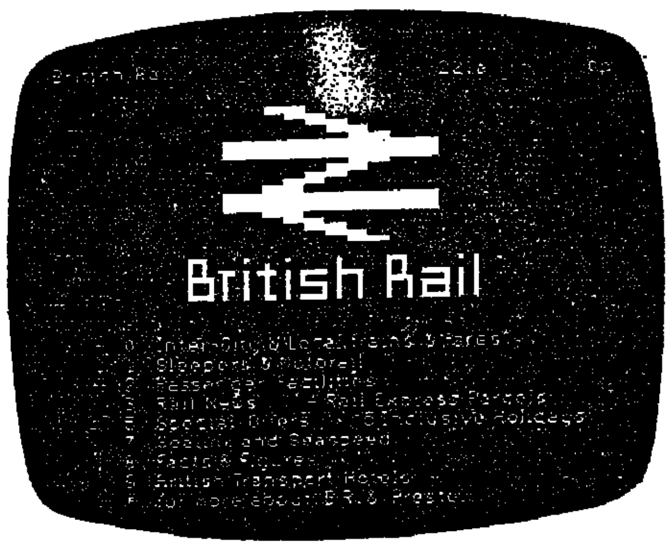
Arab merchant with his Cadillac outside his shop in the souk, *heart of Dubai's success*

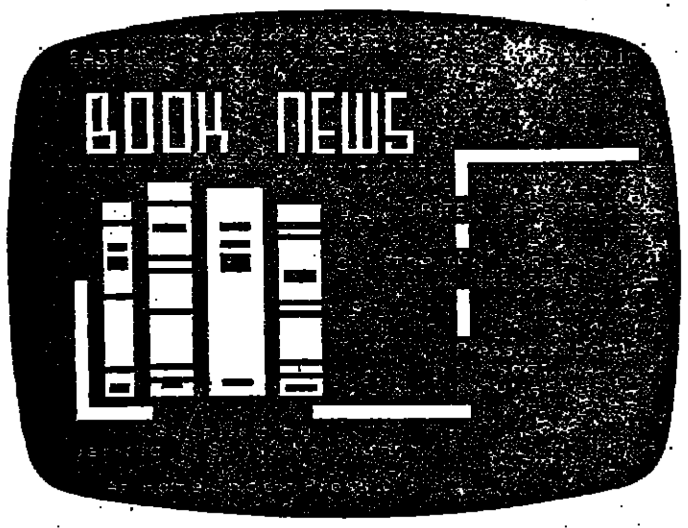
But Abdul Ameer still moans about the level of business. "All the rich have left Iran," he says. "Before I was gettting orders for 10,000 colour televisions or videos. Now all they want is 10,000 black and white TVs."

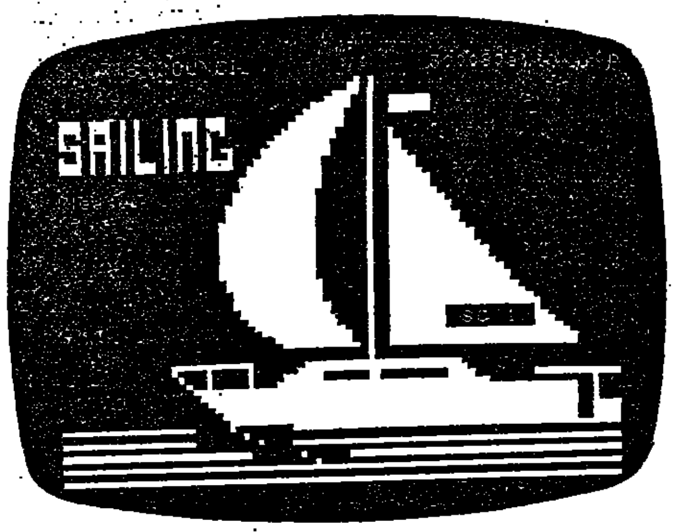
Nobody seems the least disturbed about the proposed new Iranian trading regulations Al Futtaim and the souk traders take the line "we've lived through Indira Gandhi's emergency rule, now the martial law in Pakistan—we'll survive this one too. Besides, who is going to enforce it anyway in Iran. The Baluchi trade will still continue," they say.

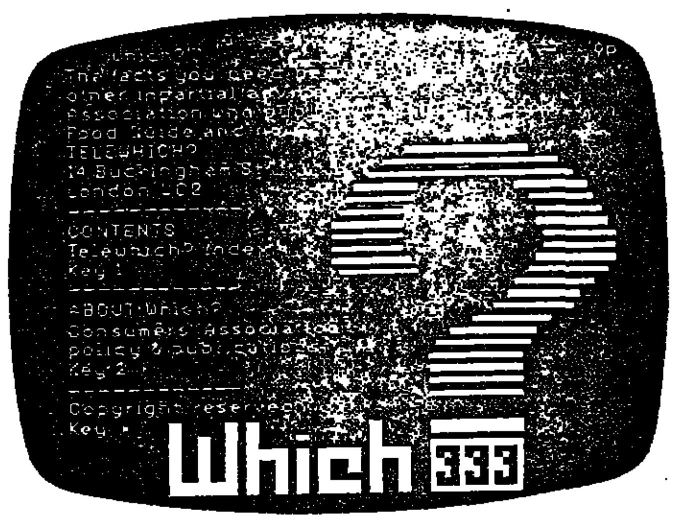


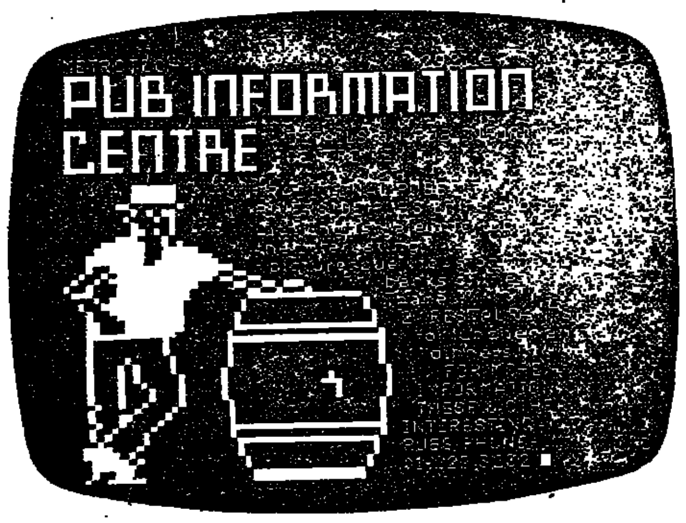


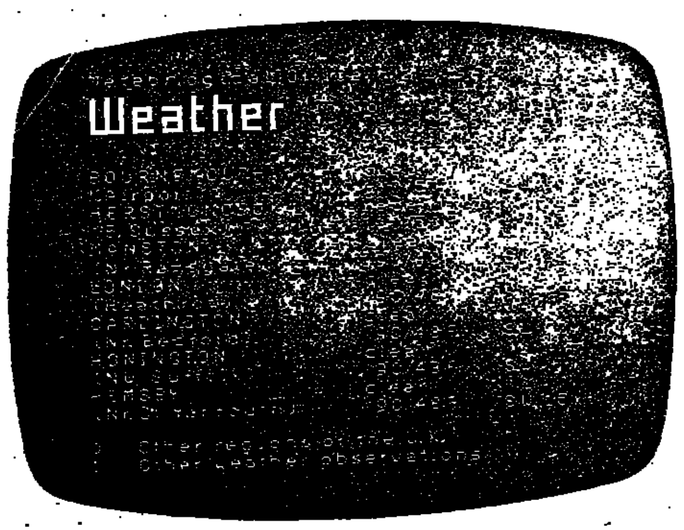


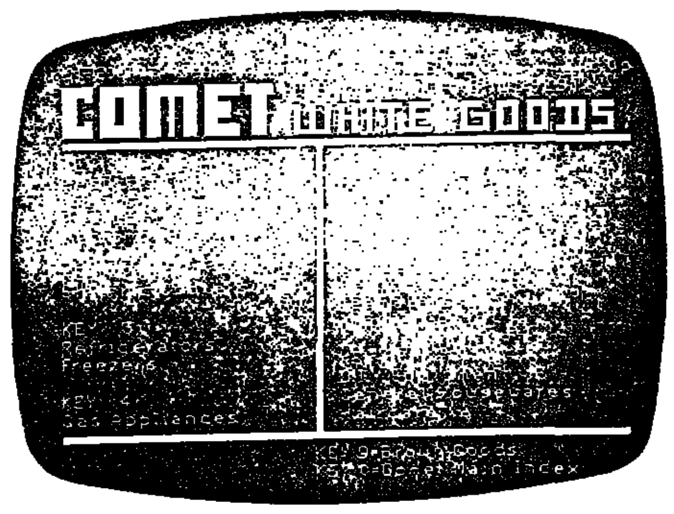












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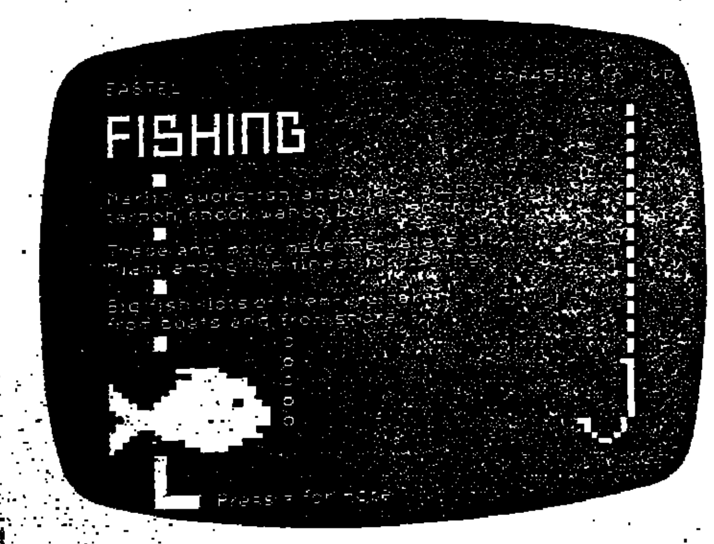

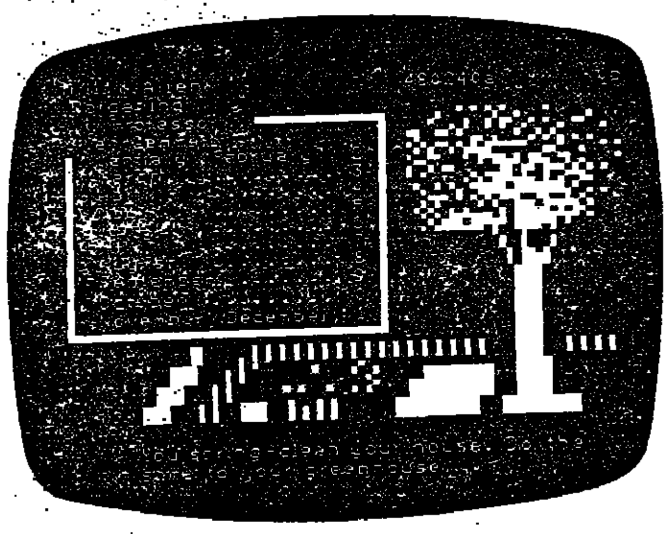


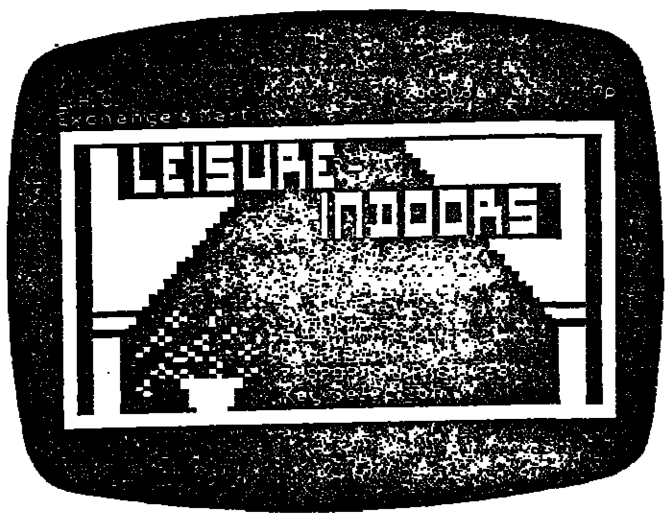

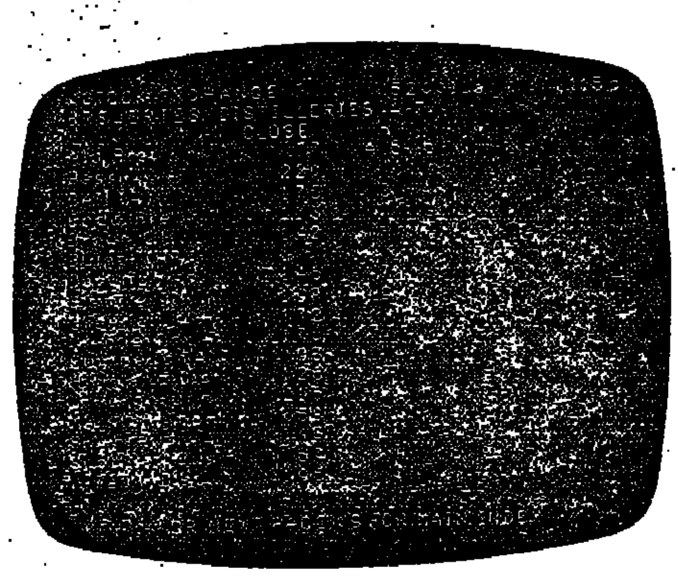


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Ipswich dockers in steel ban

DOCKERS at Ipswich yesterday agreed to prevent steel shipments from moving through the port. Cargoes of steel unloaded at the docks will be stored until the end of the steel strike.

The decision was made after a meeting of nearly 500 dockers were addressed by Mr Ron Todd, Transport and General Workers' Union national co-ordinator.

It is estimated that about 2,000 tonnes of steel have been coming into the port every week during the strike. Pickets from the Iron and Steel Trades Confederation said about 20 lorries had been coming through every day loaded with steel. Lorry-drivers *stopped to talk to* pickets yesterday but none turned back.

Earlier this week 12 pickets were arrested at the port, which had been described by a regional strike leader as "the one gaping hole in the dyke as far as our blockade of British ports is concerned."

Eight of the men were released, pending further inquiries and four were given bail to appear in court next month on charges of criminal damage. They had been arrested when the windscreen of a lorry cag was smashed.

Dockers yesterday said they would unload one ship carrying steel which was already in the port, but further shipments of steel would be prevented from leaving the docks.

Mr. Francis Peake, chairman of the shop stewards at the port, said: "We are not overkeen on taking this action. We are sick of too much secondary picketing. This is about the seventh time it has happened in the past year. But this is a union executive decision and we have to accept it.

"We think that steel will still go through Harwich, Parkstone, Mistley, Rowhedge, Colchester and Wivenhoe.

"We survive on productivity here and we have got a good history of labour relations."

Captain J. M. Bain, the harbourmaster, said: "The dockers' decision was not unanticipated. Any steel which moves from these docks will go to a storage compound."

Ipswich Port Authority, a public trust, handled more than 3m tons of cargo last year. Before the steel strike it is believed to have handled 5,000-6,000 tons of steel a week, and during the strike ships have been redirected to the port.

Lonrho considers buying BSC plant

LONRHO is to "seriously investigate" the possibility of buying the Shotton steelworks from the British Steel Corporation, Mr. Derek Norton, steel industry adviser to Mr. Tiny Rowlands, said yesterday.

Mr. Norton is managing director of Hadfields of Sheffield, a major private sector steelmaking company belonging to Lonrho which has been a special target for Iron and Steel Trades Confederation pickets at times during the steel strike. He is also concerned with Lonrho's other British steelmaking activities which include Firsteel, a cold strip steel producer in the Midlands, and J. Hartley, which fabricates steel at Oldham.

There is no reason to suppose that Lonrho is not serious in this attempt to run the rule over a major nationalised steelmaking complex with a view to purchase.

Lonrho has been buying Shotton sheet for conversion for many years and knows and values the quality and the consistency of the product. By integrating backwards into bulk iron and steelmaking and hot rolling mills Lonrho would be securing an assured source of supply for the five steel-using and conversion companies in the group.

But Lonrho would be taking on a great deal more than simply a bulk steelmaker to supply its internal requirements. Shotton has a potential output of well over 1m tonnes of finished steel a year. Lonrho could only absorb a small fraction of that output. The group would find itself competing in world steel markets to sell more than 500,000 tonnes a year of hot rolled coil and cold reduced sheet—two products which, for the last three years, have been notoriously hard to sell at profitable prices because of over-production and growing competition from new steel mills in developing countries.

When Mr. Norton and his management team—who may be accompanied by Hadfields union officials—tour the Shotton works next week they will first have to ascertain from British Steel exactly what parts of the work the Corporation is prepared to sell.

show good profit margins.

The bulk iron and steelmaking at Shotton is, of course, for sale. The 6,000 workers employed on that end of the plant are at present collecting their redundancy money.

But the blast furnaces are old and the line of open hearth furnaces is the last big unit of its kind in Europe. They would be expensive to operate in terms of fuel and manpower.

The situation is further complicated by the fact that the modern (1972) coke oven unit at Shotton is an essential part of the need for an iron making plant. Scrap is expected to be cheap and plentiful in Britain for several years ahead and British Steel will eventually start making DM material in Scotland for sale to other steelmakers.

Whether Lonrho elected to struggle on with the old iron and steelmaking plant or invest in new furnaces it would need operate at international manning levels. And that would imply a workforce on Lonrho iron and steelmaking at Shotton of no more than about 1,000. If Lonrho managed to wrest the finishing end of Shotton from British Steel the total workforce would still not be greater than between 3,000 and 4,000 compared with the recent British Steel level of 10,000.

Although the recent trends in world steelmaking have been towards big plants of several million annual tonnes capacity, preferably sited near deep-water ports, there is plenty of scope for well-run smaller plants of about 1m tonnes capacity.

The evidence is that such a plant with modern equipment on the Shotton site could make money. Only three years ago Mr. Stephen Gray and Mr. Tim Summers, two steelmakers with long association with Shotton, together with Mr. J. M. Kay, a chief engineer of Richards Thomas and Baldwins, produced a scheme for a medium-size hot strip mill in private ownership which might have been built in the Shotton area. Mr. Gray, who is chairman of the Welsh Development Agency, has recently proposed a "BP solution" for Shotton with a joint BSC-private sector company.

Roy Hodson analyses Lonrho's possible bid for a BSC plant

The best bargain is the 1m tonnes-plus annual capacity hot strip rolling mill and its associated slabbing mill. Although the mill was originally installed in 1939 it has been virtually replaced in a series of modernisation projects and is reckoned to be one of the better European hot strip mills. British Steel does not need it any more.

British Steel is determined, however, not to sell any of the steelmaking and finishing process beyond the hot strip mill stage.

It has recently invested £50m at Shotton to produce one of the world's best steel finishing complexes for creating strip steel with metal and plastic coatings. British Steel intends to deliver up to 15,000 tonnes a week of hot rolled coil steel from Ravenscraig in Scotland after the strike to feed the Shotton cold rolling mill and the finishing complex. The products will the iron-making process. And British Steel wants to keep those coke ovens in production to supply coke to blast furnaces at other works. That scheme suggests, incidentally, that BSC has further heavy iron and steelmaking closures planned that have not so far, been revealed.

Lonrho could not operate the Shotton iron and steelmaking in its present form without coke ovens. However, that problem could be resolved if Lonrho were prepared to regard the Shotton site as an infrastructure and a workforce rather than a going iron and steelmaking concern. Mr. Norton is known to have in mind the possibility of installing two electric arc steel furnaces and a continuous casting plant at a cost approaching £100m. By using the electric arc route, which uses scrap steel or directly reduced (DR) ore as a raw material, he would obviate

AFTER THE BUDGET

Small businesses stifled by shortage of premises

BY MICHAEL CASSELL

A SHORTAGE of suitable premises has stifled establishment and expansion of small businesses, according to a report issued by the Department of Industry.

Sir Keith Joseph, Industry Secretary, who yesterday outlined the Government's plans to stimulate growth in the small-business sector, said the report confirmed the widespread belief that large additional numbers of smaller industrial units were badly needed.

He said: "We now have evidence that town planning excesses of recent years, and the failure of developers and institutions to tackle this sector of the market, have combined to wipe out a large proportion of the small premises in which entrepreneurs can start.

"As a result, demand for small factory units far exceeds supply in most parts of the country."

The report was prepared jointly by Coopers and Lybrand, management consultants, and Drivers Jonas, chartered surveyors.

It said that a shortage of small factories existed throughout most of the country and called for urgent action to increase supply.

DOMINANCE

The joint document said the situation resulted from a combination of factors—past demolition programmes; rigid policies; dominance of public-sector developers who in many cases have failed to apply commercial criteria; and reluctance of financial institutions and property developers to enter the market.

The report said that in many respects the small-factory sector needed to be looked at as a trading transaction rather than a straightforward property investment.

It said: "If tackled on conventional lines the market is not an easy one for developers and funding agencies, whether public or private.

"There are, for instance, greater burdens on the landlord and estate manager, compared with conventional industrial development, and there is a need for more flexible leasing arrangements."

Pointing out that the small-unit market could provide profitable investment opportunities for public and private agencies, the report recommended that commercial criteria should apply to public as well as private-sector schemes; that rents should be set by offering premises on the open market; and that rent concessions should be discouraged.

It called for joint development programmes between private and public sectors. But it accepted that important changes in conventional private-sector attitudes and policies would be necessary if both sectors were to become significantly involved in small-factory schemes of any type.

"Provision of Small Industrial Premises," Department of Industry, £25.

Check on monetary growth is welcomed

BY DAVID MARSH

LEADING City analysts generally welcome the Government's medium term plan for reducing public sector borrowing and holding back monetary growth. But several commentators think that the Chancellor's severely restrained forecast for economic growth over the next few years may be too pessimistic.

There is also general disquiet about the effects of a continued monetary squeeze and high inflation on the performance of manufacturing industry this year.

Stockbrokers Wood, Mackenzie describe as "extremely demanding" the medium term strategy in the Budget proposals, under which the Government aims to reduce the public sector borrowing requirement to 1½ per cent of national income and cut money supply growth to 6 per cent by 1983-84.

It says however that there are sound reasons for expecting a steady improvement in public sector finances. It points out that public sector borrowing in 1980-81, put at £8.5bn against the estimate for this financial year of £9bn, already represents a significant reduction in real terms.

The reduction in the PSBR may turn out to be even higher as the Government is not making allowance for reductions in Britain's EEC contributions, and is making only very conservative estimates about the increase of oil revenues.

Wood, Mackenzie says the new target for the growth of money supply up to April 1981 represents a slight tightening of the existing 7 to 11 per cent range. This is because the removal of the "corset" may add about 2 per cent to recorded money supply growth over this period.

Hoare, Govett suggest that the Chancellor's forecast of a 2½ per cent decline in output in 1980/1981 is too pessimistic. The firm also believes that the projection of only a 1 per cent annual rise in gross domestic product during the early 1980s is distinctly conservative given the likely increases in oil output. It predicts that inflation will peak at 21 per cent next month but could be 9 per cent or less by the end of 1981.

Buckmaster and Moore says that plans for an effective tightening of monetary growth will produce quite a sharp monetary squeeze in the coming year. There is little to bring a significant drop in interest rates before late summer.

Panmure Gordon says the tax innovations in the Budget for small business are very welcome.

Local authorities compete for new enterprise zone sites

BY ROBIN PAULEY

THE BATTLE between local authorities to have their sites designated enterprise zones began in earnest yesterday. Several local authorities have already put in bids for particular sites and the special benefits the zones will bring.

Sir Geoffrey Howe, Chancellor, announced in the Budget that three or four enterprise zones would be set up in England as an experiment, with one each in Wales, Scotland and Northern Ireland.

Benefits during the initial 10 years of the experiment will include exemption from Development Land Tax, 100 per cent derating, 100 per cent capital allowances and simplified planning procedures. Local authorities have universally welcomed the proposals.

One site is likely to be in inner London, and Sir Horace Cutler, Tory leader of the Greater London Council, immediately said that it should go to Docklands.

"It is a tremendous idea and could be just the sort of commitment from the Government we have been looking for in our bid to breathe new life into decaying areas of our capital.

"The tax concessions and other freedoms for the zones, coupled with other Budget measures to help small businesses, will be a powerful magnet in attracting industry. It will mean more prosperity and more jobs," he said.

The zone, which should not be more than 500 acres, may not go to Docklands, however, as sites in Shoreditch and Wandsworth will also be considered.

The Scottish zone will be somewhere on Clydeside and Clydebank District Council said the Singer site in the town had the best claim in all Scotland, if not the British Isles.

The Premium bond prize fund interest rate will be raised from the present 5¾ per cent to 7 per cent per annum, after the Budget announcement of more monthly prizes. This includes news of a new £250,000 monthly jackpot from July this year.

"We proposed something similar to this to the last Government and it is exactly the sort of rejuvenation we need," said Provost Johnson last night.

"Over the past 20 years we have lost 40,000 jobs here. At one time Singer was the largest employer in Britain providing 23,000 jobs here.

"Now it is down to 3,000, all of which will disappear in June. Our unemployment levels are double the national average and we desperately need a new injection. An enterprise zone would be the ideal solution and a real boost," he said.

Any enterprise zone in the North-east would be within the Tyne and Wear County Council area.

"For us, as a Labour authority, the idea of enterprise zones is the only bright spot in a very bleak Budget," said the council.

Having lost INMOS to Bristol at the last moment, Tyne and Wear would not believe it was getting an enterprise zone until it was actually established, it added.

But local authorities in the area were meeting urgently to present unified proposals to the Environment Department rather than squabbling among themselves as to who should have the site.

The Association of Metropolitan Authorities, which represents the authorities within whose area the zones will be created, also welcomed the idea. But the association said local authorities would have to be compensated for the loss of rating.

Sir Keith Joseph, Industry Secretary, said yesterday that there would be compensation but the percentage or form it will take remains unclear.

The association is also anxious that enough planning control should remain to prevent undesirable development near residential areas.

PVC workers win health damages

By Sue Cameron, Chemicals Correspondent

VINATEX, a UK-based chemical company, is understood to be paying about £500,000 in damages to 15 former employees whose health was seriously affected by poisonous vinyl chloride monomer fumes.

Vinatex said yesterday that it had been ordered to pay £3,500 in damages to one former employee by Sheffield Crown Court, while 14 similar cases had been settled out of court.

It did not deny the £500,000 total figure but said all the awards were being settled by its insurers, Commercial Union.

The National Coal Board and the British Steel Corporation have an indirect interest in Vinatex.

The company makes polyvinyl chloride—PVC—a plastics raw material.

The company said it "much regretted" that some of its employees had suffered health problems caused by occupational factors."

It said their illnesses may have been caused by exposure to vinyl chloride monomer—VCM—used in the making of PVC, but that all the employees concerned had been affected before 1974, when safety standards were less stringent.

VCM's dangerous effects on health were unknown before 1974 and the maximum permitted limit for exposure was set at 200 parts of VCM per million parts of air. It was then discovered that VCM would cause liver cancer, and the safety limit was reduced to 50ppm, then to 10ppm.

A European Economic Community directive has set a limit of 3ppm. Vinatex said it had been observing this standards for the past three or four years.

The company, jointly owned by Staveley Chemicals and the Norwegian-based Norsk Hydro, said it had a £1m programme for improving safety standards at its plants. The programme was not fully completed.

Tesco in second complaint about manufacturers

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE TESCO stores group has again complained to the Office of Fair Trading that some manufacturers are refusing to supply goods because of its low-price policy.

Tesco complained late last year that the Thorn group was refusing to supply Ferguson television and audio equipment.

It met Fair Trading officials earlier this week to provide detailed information of the manufacturers. They are understood to include cosmetic, watch, sports goods and electrical goods manufacturers.

It now seems likely the Office will include complaints about companies refusing to supply goods as part of its investigations under the Competitions Bill. This becomes law next week.

Other companies, such as the Argos discount stores group, have also complained about supply difficulties.

Under the new legislation, the Office will have the power to carry out short investigations into any anti-competitive practice by a nationalised industry, local authority or individual company.

It can then refer the company and its practice to the Monopolies and Mergers Commission for fuller investigation likely to last at least six months.

The Commission has to determine whether the practice is against the public interest. If it is, the Trade Secretary has wide-ranging powers to order the company to stop inhibiting free market competition.

The Office of Fair Trading is also known to be looking at parts of the car industry, including component distributors and car transporter companies. Other possible areas for investigation include opticians and electricity showrooms.

About 20 companies are on its short list for investigation. At least four will form the initial investigations. These are unlikely to be announced for several weeks because technical orders have to go before Parliament.

Lisbon clears way for Plessey deal

By Jimmy Burns in Lisbon

The company is majority controlled by Portuguese private capital and is 30 per cent owned by the Portuguese state holding company IPE (Institute de Participaciones de Estado).

On Monday, workers at Plessey Portuguesa accepted that 1,256 workers out of a total workforce of 3,500 should be temporarily laid off to allow reorganisation—one of Centrel's main conditions for pushing ahead with the deal.

The Government has agreed to support this scheme with a cash grant which will guarantee the affected workers a minimum monthly wage for one year.

Plessey Portuguesa supplies 60 per cent of Portugal's switching equipment and is the main supplier of telephones to CTT-TLP, the Portuguese state telephone company.

But the multinational has been hit by falling export orders and increased domestic competition. Plessey Portuguesa suffered a £650,000 deficit in the first nine months of 1979.

Record £177,273 paid for piano

SALEROOM

BY ANTONY THORNCROFT

A GRAND piano designed in the late 188s by the Victorian artist Alma-Tadema for Henry Gurdon Marquand, the second president of the Metropolitan Museum of Art, New York, sold for £177,273 at Sotheby Parke Bernet's PB 84 saleroom in New York on Wednesday night. An auction record price for a musical instrument, it was twice the forecast.

The piano was made by John Stone, Norman and Company, with works by Steinway and a painted panel of "The Wandering Minstrels" by Sir Edward Poynter. It was sold by the Martin Beck Theatre, New York.

In London yesterday the series of Impressionist and modern sales continued at Sotheby's with a French dealer paying £15,000 for a Renoir, "Les Roses," and a Swiss buyer £13,600 for another Renoir, "Paysage, Ardeche." A Vlaminck "Orage dans le Foret," went for £13,500. The sale totalled £452,580 with almost 25 per cent bought in, around average for a sale of this type.

At Philip's a rare violin by Bartolomeo Calvarolla, of about 1760, with the maker's label, sold for £11,500. Another violin of the same period by Bartolomeo Bimbi was bought by Blum, the German dealer, for £5,500.

An unusual Russian armchair, the frame formed as a seated human skeleton with an articulated jaw, was bought by Richard Riley, the London dealer, for £15,000 at a Christie's sale of Continental furniture yesterday. It was sent for sale from Sweden and carries the date 1838.

A Louis XIII ebony cabinet on a stand, in the style of Jean Mace of Blois, sold for £6,000.

A set of Louis XV Beauvais tapestries of the four seasons went for £6,500.

At Bonham's carved frames brought in £30,215, with a top price of £1,200 for an 18th-century carved gilt wood frame.

UK NEWS

Whitehall 'hostile to Burmah'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

BURMAH OIL is being compelled by the Government to "play guessing games" about the contents of documents the company wants disclosed in its pending action against the Bank of England, the High Court was told yesterday.

The Crown said that disclosure of five documents in which Burmah was particularly interested would be contrary to the public interest, Mr. Leonard Hoffman, QC, for Burmah, told Mr. Justice Whitford.

Burmah wants the court to order the documents to be produced in the action in which it alleges that the Bank—backed by its "Whitehall partner"—took advantage of Burmah's weak economic position and, in a non-negotiable package, bought Burmah's 21.6 per cent stake in BP at below the market price.

Last November the House of Lords upheld a Government plea that disclosure of other documents wanted by Burmah for the action would be against the public interest.

The Attorney General is opposing Burmah's new claim.

The five documents are a copy minute from the Deputy Secretary at the Department of Energy to the Secretary of State for Energy; a copy minute from the Energy Secretary's Private Secretary to the Department's Deputy Secretary; a copy letter from the Bank to the Treasury; and two copy minutes from the Second Permanent Secretary to the Treasury to the Paymaster General's Private Secretary.

Mr. Hoffman said the Crown was compelling Burmah to play guessing games.

"We have to surmise what is in the documents. We have concentrated on the five as to which we think the guessing game can be played with the most likelihood of success."

Any material which tended to show that the Government or the Bank had been conscious that the terms being imposed on Burmah were unfair and taking unreasonable advantage of the company's weak economic position were relevant to the action, Mr. Hoffman contended.

He said six months before the share deal BP's shares had been quoted at £6. When Burmah's stake was sold for £2.30 each they stood at £2.54. A few months later they were up to £5.48.

Burmah had to accept the package or face liquidation. The Bank had told it that a suggested profit sharing scheme on any resale of the shares, which Burmah had hoped to have included in the package, had received a hostile reception in Whitehall.

Burmah had been told by the then Paymaster General, Mr. Edmund Dell: "If you don't like these terms you can always go somewhere else," said Mr. Hoffman.

The hearing continues today.

MPs angry at delay in disposal of MG

BY JOHN GRIFFITHS

THE GOVERNMENT yesterday came under attack for not clearly supporting the sale of BL's ailing MG Cars business to the Aston Martin-led consortium which is seeking to buy it.

Mr. Robert Adley, the Conservative MP for Christchurch and Lymington said a letter three weeks ago from Mr. David Mitchell, Parliamentary Under-Secretary at the Industry department, had given the green light to BL to go ahead and kill off MG and not conclude a deal with Aston Martin.

Three weeks ago, Aston Martin's hopes of concluding a deal in which it would acquire rights to the MG name and the Abingdon plant had appeared high.

At the Commons a few days earlier, a group of 85 MPs who have been pushing MG's sale withdrew an amendment to the Report Stage of the Industry Bill. It would have required the National Enterprise Board, BL's owner, to offer for sale any operation which it was unwilling to keep going.

They did so on the understanding that BL would be informed of the Government's feelings that the deal should be completed.

But the final paragraph in Mr. Mitchell's letter to Mr. Roy Horrocks, BL's managing director said: "We don't really mind what you do with it."

Since then negotiations have bogged down. Mr. Alan Curtis, Aston Martin's chairman, said yesterday he had almost "despaired" at the prospects for Monday's crucial talks with BL. Negotiations started at the end of January.

Mr. Adley said he accepted ther was a conflict of interest entailed in such a deal because BL, which has decided to concentrate its U.S. sports car sale on Triumph models, would be facing an Aston Martin MG as a competitor.

"But MG has survived in spite of BL and there is now a clash of interest also between BL and the taxpayer, who has sunk £950m into it.

"If the deal were to go through, MG has got a better chance than Triumph of surviving in the States," he said.

Manslaughter law proposals

BY A. H. HERMANN, LEGAL CORRESPONDENT

NO SUBSTANTIAL change in the law concerning murder, terrorism and mercy killing were recommended by the Criminal Law Revision Committee, whose report* on offences against the person was published yesterday.

But it proposes modernising and simplifying the law concerning manslaughter and other serious offences, such as grievous bodily harm, wounding and poisoning.

Assault should be tried summarily and punished with not more than six months' imprisonment or a fine of £1,000 or both.

The committee rejected the proposal that a special offence of assault on public officials should be created because of the frequent attacks on bus and train guards, traffic wardens and others. But is hopedthat, if injury is caused, offenders will be charged with causing injury, for which the maximum penalty is much higher. It also called for greater readiness by the police to prosecute.

Proposals to replace murder and manslaughter by a single offence of homicide were rejected mainly because the committee feared many people would see it as a weakening of the law.

* Fourteenth Report of the Criminal Law Revision Committee, Cmd 7844 SO, £4.50.

Agency puts £13.3m into car project

THE Northern Ireland Development Agency (NIDA) has revealed in its report for 1979 that during the year it invested £17.2m, of which £13.3m went into the de Lorean car project.

Unlike the Industrial Development Authority (IDA) in Dublin, NIDA does not issue grants and other forms of assistance. These come from the Department of Commerce and Trade.

While the Department issues grants of 50 per cent of the capital cost of a new foreign investment, NIDA concerns itself with equity participation and loans. Although the agency technically can invest more than £100m, disbursements so far have been under £50m.

The agency in its report said it welcomes more inquiries for potential investments.

The report comes in advance of a statement expected before Easter by Mr Humphrey Atkins, the Secretary of State, which will deol with industrial incentives in Northern Ireland.

Meanwhile the Government's proposal to make a part of central Belfast one of Britain's six new enterprise zones has been warmly welcomed by most industrialists and trade unionists in the province.

British Aerospace in £72.5m fire claim

BY ERIC SHORT

THE FIRE at British Aerospace's warehouse in Weybridge on January 27 this year, has brought the largest single fire claim in the UK.

Revised figures issued yesterday by the British Insurance Association put the estimated cost of damage at £72.5m and brought the total damage for January to £103.5m.

The previous largest single damage claim arose from the Flixborough explosion in June 1974, with costs of £36m.

The revised damage costs for January are by far the highest monthly total, the previous record being £57.5m in June 1974.

Fire damage costs for February, in the absence of any major fires, returned to a more normal level of £26.7m. This was £7m lower than damage costs in February 1979. There were two fires during the month where damage exceeded £1m, one at a hosiery manufacturers in Leicestershire causing £2m dagame, and the other at a fuel warehouse in Stoke-on-Trent where damage amounted to £1.1m.

There were 73 fires costing more than £35,000 during the month including 42 in places used by the public. Three fires at schools in Central Scotland caused damage of over £300,000 in each case.

Rise in air traffic continues

FINANCIAL TIMES REPORTER

THE RISE in UK air traffic is continuing. In February the British Airports Authority's seven airports were used by nearly 2.6m passengers, 13.1 per cent more than in February, 1979.

For the 12 months to the end of February traffic at the seven airports — Heathrow, Gatwick, Stansted, Prestwick, Glasgow, Edinburgh and Aberdeen—was nearly 42.9m, an 8.1 per cent rise on last year.

All the airports shared the growth, in the month and over the year.

At Heathrow February passenger traffic was up 12.2 per cent at 1.76m; for the 12 months it was 28.37m, a 6.9 per cent rise

At Gatwick, February traffic was 447,800 passengers, a 12 per cent rise over February, 1979; for the 12 months traffic was 8.76m, a 10.5 per cent rise over the previous year.

Aircraft chief urges industrial innovation

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE NEED for the UK to take urgent measures to improve productivity throughout industry was stressed yesterday by Sir Frederick Page, chairman of the aircraft group of British Aerospace.

Without such constructive action at all levels of industry, the UK was in danger of becoming "an industrial wasteland."

Sir Frederick was delivering the 24th Graham Clark Lecture in London sponsored by the Council of Engineering Institutions on the theme "Towards a New Industrial Revolution."

Pointing out that the competitive position of UK manufacturing industry is worsening rapidly on the basis of price alone, he stressed that unless decisive action was taken on a wide front manufacturing industry could go into an irreversible decline, with sharp falls in living standards and serious social consequences.

But the remedies were available. UK manufacturing industry should be able to improve the productivity of most employees by at least 25 per cent and in many cases by more without massive further investment and without overwork.

The Government could help to create a stable but progressive environment in which long term industrial planning and efficiency could be achieved.

"There seems to be a strong case for even more direct purposeful use of North Sea oil revenues to encourage investment in manufacturing industry on more reasonable terms and in particular to encourage those firms that are substantial exporters and those that can frustrate imports of manufactured goods."

Sir Frederick stressed that continuing innovation is essential in industrial progress. "Above all, we must mobilise sufficient and efficient effort for the appropriate areas of applied research and development.

"Perhaps North Sea oil revenues could help again, not revenues could help again, not so much by direct subsidies, but rather by fiscal policies that provide the profit margins and the right incentives."

Another need was for "more convincing explanation that innovation creates jobs and that innovation also requires retraining, new methods of training, and consultation."

Duke of Rutland calls for Commons Belvoir debate

THE DUKE of Rutland yesterday called for a House of Commons debate on the National Coal Board's proposals to mine the Vale of Belvoir.

The Duke, whose family has lived at Belvoir Castle for 800 years, gave evidence on the 73rd day of the public inquiry at Stoke Rochford Hall, near Grantham.

The Duke's castle is on part of a 90-square mile area in Leicestershire, Nottinghamshire and Lincolnshire from which the NCB wants to extract 510m tonnes of coal.

The Duke, a former chairman of Leicestershire county council, said: "I do not believe that in the 1980s it is either wise or possible to impose a huge development of this nature, over a fairly short number of years, onto a largely hostile population and a rural environment.

"People today are more aware of their rights and more conscious of their wrongs than ever before, and an element of consent is required if you are going to provide a shock of this magnitude to a community.

"This is no ordinary planning application for one pit—or one power-station, or one part of a motorway. It is one of the largest and most expensive developments of any kind in this country, other than the development of a new town.

"It is a licence to change the use of a large part of Leicestershire against the wishes of the inhabitants."

He told the Inspector, Mr. Michael Mann, QC: "Whatever your report for the Minister may contain, the controversy will inevitably from then on move into the political field.

"I believe that this inquiry is so important, with so many implications for the n ation as a whole, that there must be a debate in the House of Commons, and that the final decision will be made by the Cabinet."

Although the Duke did not mention in evidence his widely-quoted threat to lie in front of the first NCB bulldozer if mining went ahead, he did have a warning for Sir Derek Ezra.

He said that in 30 years' time the view from Belvoir Castle could be totally changed by mining and industrialisation, and went on: "Thank God I will be in my box by then, but if this disaster should ever materialise I can assure Sir Derek Ezra that there will be a new ghost at Belvoir to haunt the philistines of the Coal Board for ever."

Lex opens car 'clinic'

BY JOHN GRIFFITHS

THE FIRST of a planned network of motor "clinics" to specialise in diagnosing and repairing electrical and fuel injection systems was opened yesterday by Lex Automotive Services.

The Lex motors group has established its new subsidiary to capture a substantial share of a market which it estimates to be worth £308m a year, and which it expects to grow rapidly as the complexity of fuel and electrical systems increases under legislative and fuel-saving pressures.

The first clinic, covering 5,000 square feet and costing £250,000, is on the Heathrow International trading estate at Hounslow. Lex says it expects investment in further centres to reach £5m "within the next few years."

The move is based on research into the operating problems faced by car and commercial vehicle fleets, as well as those of the private motorist.

UK NEWS

Supply of electricity down nearly 6%

BY MARTIN DICKSON

NEARLY 6 per cent less electricity was supplied to Britain in January compared with the *same month of 1979. These new* Government figures underline the sudden drop in demand *which has created financial* difficulties for the electricity supply industry.

Energy Trends, the Department of Energy's monthly statistical bulletin, says that in the *three months from Novem*ber to January electricity supplied in the UK fell by 0.8 per *cent—the first drop in over* a three-month period for nearly two years.

*This was all the more surpris*ing because supply in November was 11 per cent higher than the *year before. The decline in* December and January was attributed to the relatively *warmer weather* and the steel strike.

While power station consump*tion of* coal rose by 3.7 per cent in this period, there was a fall by more than 20 per cent in the use of oil.

The statistics show a continuation of the significant rise in *coal production which began last* year. Some 31.8m. tonnes were mined from December to February, *an increase of 6.9 per cent* on the same period of a year ago.

However, consumption fell by 0.5 per cent, mainly because of reduced demand at coke ovens.

Overall energy consumption from November to January was 0.4 per cent higher than in the same period a year earlier.

However, on a seasonally adjusted and temperature cor*rected basis, the figures showed* consumption for the three months running at an annual *rate of 343.4m tonnes of coal* equivalent, almost precisely the same as a year ago.

UK oil production between November and January was 19.5m tonnes, a rise of 14.1 per cent *over the same period of a* year before.

Industrial fuel price tables showed that between the fourth quarters of 1978 and 1979 the average price for heavy fuel oil rose 61 per cent, *that for gas oil* by 68 per cent and gas by 39 per cent.

Playboy to contest casino ban

By Andrew Fisher

THE PLAYBOY CLUB will appeal against a court decision to end gaming at the Victoria Sporting Club, in central London, Mr. Victor Lownes, head of the Playboy organisation in the UK, said yesterday.

North Westminster licensing justices said on Wednesday that the licence would be withdrawn and the VSC premises on Edgeware Road disqualified for use as a casino for three years.

"I was very disappointed at the decision," said Mr. Lownes. "I was very surprised at the disqualification —of course we shall appeal."

Playboy hopes to be able to open a new casino, to be called the Barracuda, nearer the heart of the West End if the licensing justices approve its application in May.

It has a certificate of consent from the Gaming Board for the proposed club in Portman Square, which would be run in partnership with private individuals who formerly owned a restaurant on the site.

The Victoria Sporting Club, bought as part of Norwich Enterprises in a £6m deal last year, will remain open pending the appeal.

The VSC was raided by 200 police officers in 1978, before Playboy bought it, and officials were later charged with fraud, theft and conspiracy.

Both the police and the Gaming Board opposed continuation of the club's licence in the court hearing earlier this month, although they had no complaints about Playboy's present operation of the club.

Mr. Lownes said the increase in casino taxes in Wednesday's Budget would raise the group's UK gaming tax bill from £1.2m to £3m.

"The days of casinos being one of the most profitable industries in the country are probably over," he said.

Martin Taylor of the Financial Times receives his award.

Lex columnist chosen for Wincott award

THE WINCOTT awards for *outstanding achievement in* economic and financial journalism during 1979 were *presented by the Wincott* Foundation yesterday.

Mr. Hamish McCrae, financial editor of The Guardian, was chosen financial journalist of the year and awarded the senior prize of £700.

Mr. W. B. Jamieson, city editor of Thomson Regional Newspapers, was chosen leading provincial press financial journalist and awarded £500.

The junior prize of £350 for leading financial journalist under 28 went to Martin Taylor, who works on the Lex Column of The Financial Times. He is pictured receiving the award from Mrs. Joyce Wincott.

The work of Padraic Fallon, as *Euromoney* editor, was commended. A special award was made of volumes from the collected works of Walter Bagehot.

The foundation commemorate Harold Wincott, who died in March 1969. This is the 10th year the awards have been made.

Previous senior winners have been: Samuel Brittan, Patrick Hutber, Norman Macrae, *Peter Jay, Anthony* Harris, David Malbert, Kenneth Fleet, A. Whittam Smith, *Christopher Fildes and* Patrick Sargeant.

Among junior award winners have been: Hamish McCrae, Frances Cairncross, Ian Morrison, Sandy Melachlan, Nicholas Colchester, Anne Segall, Timothy Congdon, Michael Lafferty and Barbara Conway.

The more recently created provincial award has been won by Ian Richardson, Charles Pritchard, Robert Martin, Neville Boyd Maundsell, Bernard Dineen and John Heffernan.

Sacked Cinzano director accepts £18,500 reparation

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR. JOHN DAVIS, former marketing director of Cinzano *(UK) has accepted £18,500 from* the company in settlement of his claim that he was wrongfully dismissed.

The settlement was announced in the High Court yesterday shortly before Mr. Davis's claim was due to be heard.

Mr. Davis was dismissed from his £15,000-a-year job in January last year. He alleged that he was given only one month's notice, instead of the *year or 18 months to which he* was entitled.

His counsel told Mr. Justice Willis that Mr. Davis had decided to accept the sum of money paid into court by Cinzano three weeks ago.

Mr. Davis will now consider whether to go ahead with his claim to an industrial tribunal that Cinzano should be ordered to reinstate him.

LABOUR

Port Talbot men to stay out over jobs issue

BY ROBIN REEVES AND CHRISTIAN TYLER

A NEW note of uncertainty was injected into the steel strike yesterday as the three-man committee of inquiry prepared for its weekend investigation.

More than 2,000 craftsmen at the British Steel Corporation's Port Talbot works, South Wales, decided to stay out on strike even if the pay dispute is settled.

A mass meeting of craftsmen voted to continue the three-month-old stoppage in protest at BSC's plan to halve production at the works with nearly 7,000 redundancies as part of a sweeping retrenchment programme due to be implemented as soon as possible after the strike is over.

The Port Talbot strike committee said the men had agreed not to go back to work until the issue of jobs as well as pay was settled satisfactorily. Only 50 among the more than 2,000 present at the meeting voted against staying out, even if ordered to return to work by their union executive committees.

The move is in line with a decision by a meeting of blastfurnacemen at Port Talbot last month to stay out on strike until they established job security.

Such action by either union's membership, would effectively prevent Port Talbot from restarting production once the pay strike is over. At Llanwern, where 4,000 redundancies are planned, there has been no firm commitment by any group of workers to prolong the stoppage.

Meanwhile, one of the smallest unions in the dispute, the white-collar section (TASS) of the Amalgamated Union of Engineering Workers called for a rank-and-file delegate conference of all the unions to vote on the committee's finding when they emerge.

TASS is seeking to break ranks with the other eight craft unions on the National Crafts men's Co-ordinating Committee, which decided in advance to accept the findings of the inquiry, headed by Lord Lever.

TASS said it agreed with the two main unions, the Iron and Steel Trades Confederation and the National Union of Blastfurnacemen, that the strike should continue during the inquiry and that the results should be debated.

TASS's steel advisory committee, representing 3,250 technicians, also wants to revive the idea of permanent joint union bargaining machinery, which neither the ISTC or NUB seem likely to accept.

And the NCCC has decided to *pull out of the temporary iron* and steel co-ordinating committee—set up half way through the dispute—*in protest at the* militancy of the ISTC and NUB.

The Lever inquiry could be ready to report next week.

Liverpool dock strike talks 'exploratory'

By *Pauline Clark, Labour Staff*

LIVERPOOL port employers and dockers' leaders met yesterday for fresh talks to find a solution to the week-old strike over steel handling.

The "exploratory" meeting was adjourned after two hours.

Employers hope for further talks today with shop stewards led by Mr. Jimmy Syme, Transport and General Workers' Union secretary of the docks and waterways section.

Earlier, dockers' leaders called on port workers throughout Britain to black cargoes of eight container vessels and five general cargo carriers diverted from Liverpool. About 25 other ships remain stranded in the port.

A TGWU docks and waterways committee meeting is planned *in London today.* The Liverpol delegation of three shop stewards will press for a recalled national docks delegate conference next week. It wants the conference to agree to a national docks stoppage in support of their strike.

Differentials dispute threatens Post Office

BY JOHN LLOYD

A DISPUTE about differentials may threaten a repeat of industrial action among Post Office computer staff which halted telephone accounts for six months last year and cost the corporation about £100m.

The Society of Civil and Public Servants, which organises senior computer staff, is *annoyed over a decision by the* Post Office arbitration committee to grant pay rises, backdated to July last year, of 21 to 26 per cent to 18,000 supervisory engineers organised by the Society of Post Office Executives.

The award was made outside provisions of the corporation's "pay spine," to which all other unions in the Post Office now adhere. The SCPS says it was the intention to close the differentials between its members and those of the Post Office Executives.

At best the arbitration award will maintain them at present levels.

The SCPS agreed earlier on a basic pay award of 16.5 per cent, with a further award of more than 5 per cent to close the gap.

It will meet Mr. Kenneth Young, the board member for *industrial relations, today to* press for an increase in its basic rate.

But SCPS members at Leeds computer centre, which provides data to telephone billing centres, walked out for one day earlier this week. Mr. Terry Deegan, secretary of the SCPS Post Office group, said last night his members felt strongly.

There was a threat both to computer centres and grade restructuring throughout teh Post Office which the pay spine was designed to promote.

Print industry solidarity fund

By *Our Labour Staff*

PRINT INDUSTRY employers plan to start a special fund to combat selective industrial action by the National Graphical Association, which is claiming a basic wage of £80 and a shorter working week.

The British Printing Industries Federation and the Newspaper Society, which negotiate jointly, yesterday said the fund would be "several times larger" than a similar fund used last year to help members hit by NGA action.

BL Cars confident

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS appears determined to impose a 5 per cent pay offer and changed working practices regardless of a threatened strike by 85,000 manual workers.

The company last night *seemed confident of success in* its twin campaign — to persuade national union leaders to pull back from confrontation and to erode shop-floor support for action.

Union negotiators, following five months of abortive talks with the company, are urging national executives of the 11 unions representing manual *workers to call an official strike* from April 8.

BL can be expected to make *contact with union general* secretaries over the next few days to spell out implications of strike action at a time when workers are being laid off because of poor sales.

The company is already spelling the message on the shop floor that acceptance of the deal provides the only hope of success for BL. Letters have been sent to the homes of all manual workers pointing out that attendance on April 8—the date of *implementation — will signify* acceptance of the package.

The decision on whether to lead the shop floor will be taken by union general secretaries meeting in Coventry next Wednesday. They will take into account the lack of shop floor militancy and failure of shop-stewards to gain support for action.

Some union leaders will argue that the onus for action should rest with the shop floor. But if *general secretaries call for an* official stoppage, widespread support seems likely.

Union leaders know BL has adequate stocks to withstand any stoppage, and that a confrontation could lead to the company's break-up.

Robin Hood park planned

A NORTHAMPTON *company*, JTC eDsign Consultants, is to design and build a Robin Hood *theme park, near Mansfield.* Notts.

The £10m project is scheduled for completion by Easter, 1982. It is expected to attract more than a million tourists a year. The developers are Adventureland, New Bond Street, London.

Radiographers' recruitment

THE College of Radiographers held a one-day meeting on Wednesday in an attempt to recruit more people into the profession.

The meeting was at the Middlesex Hospital's School of Radiography and Radiotherapy, London. The College is the administering body for examinations of student radiographers.

Cash limit protest grows

TWO FURTHER Civil Service unions are to support planned industrial action over the Gov*ernment's determination to use* cash limits to regulate pay increases for 600,000 white*collar civil servants.*

The executive of the Civil Service Union, which represents 47,000 lower-grade white-collar staff, has decided to support a *motion from the more militant* Society of Civil and Public Servants, calling for a concerted *campaign of action to be* organised, starting with staff meetings in work time.

And the more moderate Inland Revenue Staff Federation, which represents 68,000 tax staff, announced yesterday that its executive was "fully prepared to support whatever *action is decided upon by the* staff side."

Negotiations between the Civil Service Department and various unions since the cash *limit was announced have shown* that the combination of the 14 per cent and the money available from a new round of staff cuts is marginally more than the 16½ per cent originally expected.

Taken with the 14 per cent cash limit figure, the 15 to 20,000 job cut is now calculated to make 16.85 per cent available for pay increases, which closes still further the gap between the money available and the average of 18 per cent shown due by the Pay Research Unit comparability reports.

Isle of Grain compromise bid

BY OUR LABOUR STAFF

THE TUC has written to all the parties involved in the long-running dispute at the Isle of Grain power station in Kent in an attempt to find a solution to the difficulties which are threatening the £560m plant's future.

The dispute has centred on 27 laggers who insulate pipes and boilers. The Central Electricity Generating Board, with the support of the electricians' union and the construction section of the engineers' union, is insisting that the laggers should have a bonus ceiling of £2.60 an hour on top of their £2 hourly rate to prevent leapfrogging calims by the other 1,600 manual workers on the site.

The ceiling also aims to keep laggers' earnings on a par with those of other skilled workors on the site.

The General and Municipal *Workers' Union, however,* believes the bonus payments should be open-ended, and the *laggers have also rejected the* notion of a ceiling.

Mr. Len Murray, TUC general secretary, wrote to the parties after the TUC finance and general purposes committee looked at the dispute.

In an attempted compromise, he suggests an agreement should be made with the GMWU to pay rates, which are not necessarily limited to the £4.60 ceiling, and to ensure bonus earnings keep "a reasonable degree of equity with other craftsmen employed on the site."

The CEGB, which is not the direct employer involved, has *not yet replied to the letter* but it is likely to view the two poles of the proposed compromise as *incompatible.*

Mr. Murray also sugegsts that if the dispute cannot be resolved within seven days of his letter, dated March 25, then it ought to be referred to the Advisory, Conciliation and Arbitration Service.

The TUC's suggestion may provoke strong reaction from the Electrical and Plumbing Trades Union and the construction section of the AUEW which represents other skilled workers on the site.

British industry may never recover, says Healey

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

HEALEY: "The Budget is a programme for terminal decline"

THE BUDGET is "a programme for the terminal decline of British manufacturing industry" Mr Denis Healey, Labour's Shadow Chancellor, told the Commons last night.

"It is a stunning karate chop to the neck of British industry from which it may never recover," he declared when he opened the second day's Budget debate.

"The outlook is far grimmer than the misery the British people have already suffered since the last general election."

Defending the Government strategy, **Mr. John Biffen, Chief Secretary to the Treasury**, said the main object of the budget was to secure the necessary time for the central anti-inflation policy to succeed.

"These are policies designed for the span of a full Parliament and time will be their judge and vindicator," he insisted. "This Budget consolidates such policies. They will reduce inflation through the passage of time.

"These policies can succeed and the Treasury bench is determined to see that they do."

He maintained that the nation would be more united and more socially cohesive as a result of these policies than by the "spurious compassion" which had come from the Labour benches.

Mr Biffen also rejected the belief of some Conservative backbenchers that "an incomes policy can do the trick."

He said experience showed that voluntary incomes policies invariably became compulsive.

He believed there were already some signs that Government policies were working. The Budget would encourage the small business sector and there was already evidence that the monetary explosion had stabilised.

Some pay settlements had caused concern but the CBI report showed that 52 per cent of settlements since last August had been for increases of less than 15 per cent.

Mr. Biffen accused Mr. Healey of having adopted a "roller-coaster" attitude to public spending in the last Labour Government.

"We hope for a more consistent and more stable approach to the remorseless winding down of the level of public spending," said the Chief Secretary.

"There will be no quick dash for freedom so far as this particular subject is concerned. I don't believe inflation can be killed by a cavalry charge."

His message was that the present Parliament had to live through the time scale essential for the success of a sound monetary policy. He thought that the Chancellor, Sir Geoffrey Howe, had been courageous in making this clear.

"I am absolutely certain that he has widespread support both inside and outside the House for the enterprise on which we are now embarked, and a deep anxiety that we should now persist to the end," said Mr. Biffen.

From the Opposition front bench, Mr. Healey claimed that in the Red Book accompanying the Budget this year, the Government had suppressed the figure giving the breakdown between private and public capital investment.

"There can only be one reason—that is, that the estimates have been too horrific to be revealed," he alleged.

"There is nothing to look forward to at the end of the tunnel except the prospect of a £3.5bn tax give-away in election year," said Mr. Healey.

All of that money would be spent on imports because it would come after five years of falling investment and industry would be facing the future with clapped out machinery.

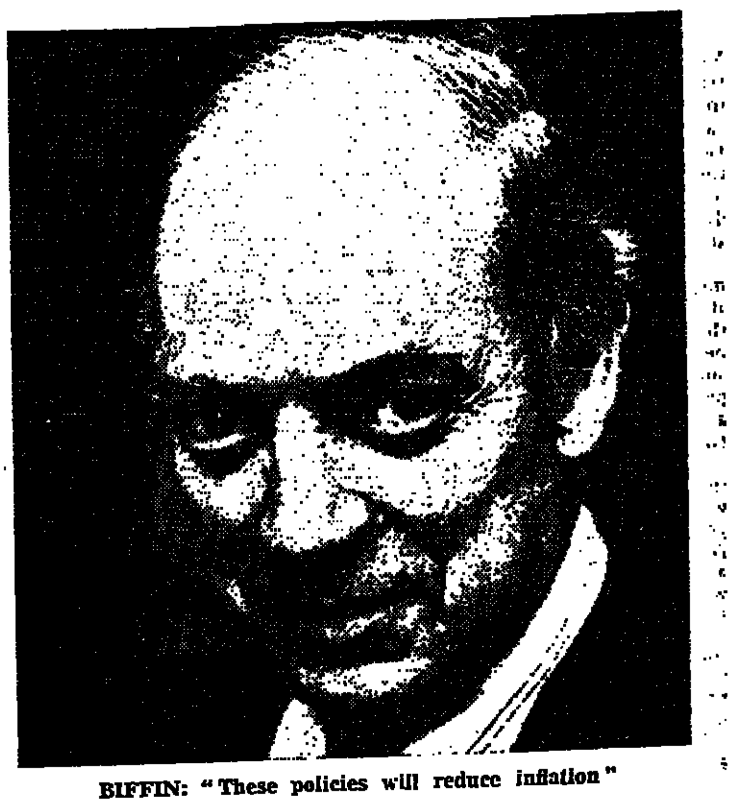
He saw the prospect of mounting bankruptcies before the year was out, a prospect which must be a "disaster."

The Chancellor, he said, had made a crass error.

"He is presenting the British people with a prospect of decline." How can he expect the supply side of the economy to grow when he has told industry that output is to collapse this year and there will be no recovery in manufacturing output for at least four years from now?"

The intolerably high interest rates had not so far controlled money supply. Borrowing by companies remained high and was likely to go higher because of the effect which the Budget would have on their cash flow.

The Government had applied monetary policy with unparalleled incompetence, and more severely than in any other Western country.



BIFFIN: "These policies will reduce inflation"

Jenkin under barrage of protest

BY IVOR OWEN

DEPENDANTS of unofficial strikers, as well as those who stop work in compliance with union instructions, face a £12 a week reduction in their social security payments, **Mr. Patrick Jenkin**, the Social Services Secretary, confirmed in the Commons yesterday.

This proposal, and the plan to tax unemployment benefit from April 1, 1982, came under another barrage of bitter protests from the Opposition benches.

A rambling denunciation by **Mr. Stan Orme**, spokesman on social security, who accused the Government of embarking on a fundamental attack on millions of working people and the unemployed, caused Mr. Jenkin little difficulty.

But he found it more trouble to handle a running battle with Mr. Eric Heffer, MP for Liverpool Walton, and one of the Left-wing members of Labour's National Executive, who called on the trade unions to take "the strongest possible action" to remove the Government from office at the earliest possible moment.

When rebuked by Mr. Jenkin for apparently urging the unions to embark on political strikes against the elected Government, an unrepentant Mr. Heffer stormed: "You are forcing them to."

Pointing an accusing finger at the Prime Minister and the other occupants of the Government front bench, he described them as "a disgusting bunch of people."

Mr. Jenkin, who announced that the Bill designed to give legislative authority to the Government's proposals, will be published today, underlined that the concept of strikers being "deemed" to have received payments from their union had been dropped by the Government.

"We are simply saying that the amount of supplementary benefit will be reduced by £12," he said.

It was not "deeming" and the new measure would apply to all strikers because the Government believed it to be reasonable to assume that they would have made provision, either through their unions or individually, to cover themselves while on strike.

Mr. David Penhaligon (Lib. Truro) argued that it would be unprecedented and monstrously unfair for it to be "deemed" that strikers had received payments from their unions.

He suggested that a more satisfactory approach would be for the Government to calculate the total payments made to the dependants of strikers and then send the bill to the unions concerned.

Mr. Jenkin stated earlier that to date £8m had been paid out to the families of the steel strikers, while the unions at the centre of the dispute had not paid out a penny piece.

If the proposals which the Government had intended to introduce had been in operation, the amount paid out would have been about £4m.

The Minister made it clear that the action which the Government planned was one of the measures designed to fulfil the Conservative election manifesto commitment to even the balance between employers and unions.

Condemning the Government's proposal to tax unemployment benefit, Mr. Orme recalled that not since 1928 had unemployment pay been reduced in real terms.

Mr. Jenkin accused Mr. Orme of indulging in political hysteria. To describe what the Government had proposed as an attack upon millions of working people was "sheer rubbish."

As for the 5 per cent abatement of unemployment benefit, he pointed out that while in office, Mr. Orme had himself been fully committed in principle to the taxation of short-term national insurance benefits.

In defending the decision to limit the increase in child benefit to 75p, Mr Jenkin challenged opposition leaders and Tory backbenchers who have been pressing for an increase of at least £1 to spell out how they would find the extra money needed.

He reminded Tory MPs who took part in the recent mini revolt of the Social Security Bill than an increase of £1.20 which they voted for on that occasion would have cost £90m initially and £250m in a full year.

"Anybody who advocates that course must be prepared to say where that money should come from," he declared.

Greater flexibility for Welsh Office

By Robin Reeves, Welsh Correspondent

THE WELSH Office is to be given greater flexibility from April next year over the allocation of its budget, in another move by the Government which extends administrative devolution to Wales.

At present, Welsh Office expenditure on Government services forms part of eight separate Whitehall public expenditure programmes and a similar number of separate supply estimate classes.

But from next April, they will all be treated as a single public expenditure programme, fulfilling the Conservatives' manifesto pledge to provide the Secretary of State for Wales with more discretion over the allocation of funds provided for Wales.

Mr. Nicholas Edwards

The Government has already decided that the level of rate support grant for Welsh local authorities will, in future, be negotiated with the Welsh Office rather than Whitehall, and it is to receive a Treasury block grant for this purpose.

Announcing the latest change, Mr. Nicholas Edwards, the Welsh Secretary, said that the only exceptions to this discretion in expenditure would be the provisions for agriculture, fisheries, food and forestry, and for industry, energy, trade (excluding tourism) and employment.

This was because these services are influenced to a greater extent than the others by the central Government and EEC policies.

But, he stressed, it would still give the Welsh Secretary discretion over the allocation of the bulk of the Welsh Office budget, extending to £1.340m out of the £1.440m planned spending by the Welsh Office in 1981-82.

Under the Government's latest public expenditure plans, Welsh Office spending in the coming financial year is to be reduced by £66m to £1,495m.

Backbench support for Chancellor

BY IVOR OWEN

MOST PEOPLE will regard the Budget as fair, the Prime Minister claimed in the Commons yesterday, when she emphasised that it was designed to give the greatest help to married couples, particularly those with families.

The Chancellor had been "careful" not to put up the Retail Price Index to much, she said, amid scornful laughter from Labour MPs.

Mrs. Thatcher reminded her critics on the Opposition benches that quite a number of people had been expecting the Chancellor to announce much larger increases in the Budget.

Mr. William Waldegrave (C., Bristol West) offered re-assurance from the Government backbenches.

Some Tory MPs, he said, would want to argue about individual items in the Budget, but "the enormous majority of the party was very firmly behind" the Chancellor's broad strategy.

The Prime Minister answered: "It is the only strategy which will get Britain back to prosperity and self-respect in the future."

She was repeatedly called upon to defend the decision to increase the charge for prescriptions to £1.

Mrs. Thatcher argued that by the time the £1 charge came into operation in December, the actual cost of a prescription would be about £2.90—almost three times the amount which people would have to pay for it.

She also pointed out that 66 per cent of prescriptions were issued to people who paid nothing because they were in the categories which were exempt from charges.

Replying to questions about the prospect for securing a reduction in Britain's contribution to the EEC budget, Mrs. Thatcher underlined the need to use the interval provided by the postponement of the Brussels summit to the best possible advantage.

"We really must use the interim profitably," she said.

N. Ireland 'slightly better off'

By Stewart Dalby

NORTHERN IRELAND has emerged slightly better from hte Budget and proposed public expenditure cuts than Britain as a whole. In 1980-81, the Province will have to find cuts of £64m out of a total budget of £2.2bn taking gross expenditure this year to £2.136bn.

Statement

According to a statement from Mr. Humphrey Atkins, Secretary of State, at a Press conference for Mr. Hugh Rossi, the Minister of State responsible for finance, over the three years 1981-82 to 1983-84 the Province will suffer spending cuts in the tentative White Paper proposals of around three per cent.

That is to say expenditure will go down from the £2.136bn to £2.07bn. This compares with cuts of six per cent for Britain as a whole.

Mr. Atkins said that the Province is still having 35 per cent more per head spent on it than Britain.

Housing

The cuts will probably come in education and housing and some roads and drainage proposals will be delayed.

The Northern Ireland Office expects that there will be some problems and although declining to quantify these exactly, said they thought they would be several hundreds rather than thousands.

Social security package places emphasis on spending curbs

BY ERIC SHORT

THE GOVERNMENT'S complete Social Security package was unveiled yesterday by Mr. Patrick Jenkin, Secretary of State for Social Services, with the emphasis on curbing the growth in social security spending, while maintaining help for those in real need.

The improvements will add more than £3bn in a full year to the cost of the social security programme.

However the Government will make savings of some £270m in benefit costs in 1981/82 and £480m in 1982/83—largely by curtailing increases on major benefits. Mr. Jenkin pointed out that even after these savings, the costs of the Social Security programme will rise next year by 2½ per cent in real terms to £19.354bn at 1979 survey prices.

The increase in the basic retirement pension will be 16½ per cent the expected rise in prices between the 1979 uprating and the forthcoming one in November. Since 1975, pensions have been uprated in line with earnings or prices, which ever was the greater. But under the Social Security Bill now going through Parliament, only by obliged to protect pensions against rising prices, although it could increase them by more. This time the increase is confined to the bare minimum.

But sickness and unemployment benefits are only being lifted by 11½ per cent—five per cent below the increase in long term benefits. This is an interim measure pending the proposed taxation in 1982, or as soon as possible after that date of sickness, unemployment and other short term benefits. Previously, these benefits were fully price protected, and paid tax free.

The 75p increase in the weekly child benefit allowance—taking it to £4.75 a week—represents 18¾ per cent over the 19-month period since the last benefit uprating but is only equivalent to an 11 per cent annual rise—the same increase as those for tax allowances. He defended this present rise, saying that it represented a considerable advance in real terms on the combined child tax allowances and family allowance paid in 1976/77.

From April 1981, it is proposed that unemployment benefit to those persons who have retired on an occupational pension will be reduced pound for pound where the pension exceeds £35 per week. Mr. Jenkin felt that it was not reasonable to protect unemployment benefit for those persons who had retired and were receiving a significant occupational pension.

The earnings rule which allows pensioners to earn up to £52 a week before losing pension, is being maintained for the time being, though the Government's long-term aim is to abolish the rule.

As announced in the Budget, from November, the supplementary benefit entitlement of students' families will be reduced by £12 per week, and strike pay of up to £12 per week will be disregarded.

The £10 Christmas bonus is again being paid this year, but there is no increase over last year in the amount paid, so its value in real terms has declined. In fact, the first Christmas bonus, paid in 1972 by the previous Tory Government was at the £10 level. The Government has power to increase the payment, but declined to do so this year.

Other savings measures include the phasing out of the earnings related supplement paid on short-term benefits and the reduction from 13 weeks to six weeks in the linking of separate spells of incapacity or unemployment. These revisions will take place during the week beginning November 24, 1980—54 weeks after the previous changes in November 1979.

The main protection for the needy comes under three headings. First the extra child benefit payment on the first child for one parent families is lifted by 50p to £3 per week—making £7.75 for the first child. Secondly, family income supplementary payments—discretionary payments for the low paid designed to take low earners above the poverty level—are raised by one-third greatly improving the real value of FIS. And finally, the Government is providing £100m special help for those hardest hit by rising fuel bills. Heating additions paid with supplementary benefits are lifted by as much as 80 per cent and more people are to be brought into the scheme. The home insulation scheme will be improved.

	Weekly rates New £	Old £
Retirement and Widows' pension		
Single person*	27.15	23.30
Married couple*	43.45	37.30
Invalidity pension—standard rate		
Single person	26.00	23.30
Married couple	41.60	37.30
Unemployment and sickness		
Single person	20.65	18.50
Married couple	33.40	29.95
Child benefit—each child	4.75	4.00
Widows' allowance†	38.00	32.60
Maternity allowance	20.65	18.50

* 25p is added if aged 80 or over.
† Payable for first 26 weeks of widowhood.

AMA votes to rejoin block grant debate

FINANCIAL TIMES REPORTER

THE ASSOCIATION of Metropolitan Authorities, which recently withdrew from the Local Government Grant Working Group discussions on the controversial Local Government Planning and Land Bill, yesterday voted to rejoin the debate.

The AMA will now join other local government associations in seeking alternatives to the new form of rate support grant—known as the "block grant"—contained in the Bill.

The decision came at an emergency meeting of the association called to consider a reaction to the Government's rejection of alternatives to the block grant put forward by the AMA and the other local government associations—which are all Conservative-controlled.

The move to rejoin the working group was opposed by many Labour councils and was passed by a narrow majority of 39 votes to 35. This is the first sign of a split in AMA ranks on the issue.

The leader of the Labour opposition group, Mr. Jack Straw, said the present attack on local government was a constitutional one and not a political one. If the Bill were not amended from its present form, it would destroy local democracy.

"We have a responsibility as an association to launch a national publicity campaign to place the responsibility where it lies, and that is at the door of the present Government," he said.

Sir Godfrey Taylor, Chairman of the Conservative-controlled association, said that although he opposed the block grant proposal, he thought nothing would be achieved by walking away from discussions.

Sir Godfrey said that although Mr. Michael Heseltine, the Minister of the Environment, had rejected the AMA's proposals for alternatives to the block grant, he had said he would be willing to consider further constructive amendments.

"Mr. Heseltine admittedly said this in the context of proceeding with this block grant proposal to which we all object. But at least this gives us a further basis on which we can. I hope, continue negotiations," said Sir Godfrey.

"It is not my intention to let this block grant go through the House of Commons by default," he added.

While he disagreed with the block grant, however, Sir Godfrey said some new system of needs assessment was required. The present system was failing because it encouraged high local authority spending as a means of attaining a greater government grant.

A bright future 'for debt collectors'

BY PHILIP RAWSTORNE

"LET ME run over this Budget . . ." Mr. Denis Healey declared yesterday, looming heavily over the despatch box.

Shadow Chancellor is hardly an accurate description of Mr. Healey's person or his parliamentary style. There is nothing insubstantial about his approach.

Just as well for the Labour Party yesterday since it had made few dents in the Government's case earlier.

Mrs. Margaret Thatcher had cruised comfortably through Question Time, brushing aside Labour's barrage of complaints about the Government's policies.

Mr. Stan Orme, almost incoherent with rage, had beaten against Mr. Patrick Jenkin, Social Services Secretary, without ruffling him in the least.

"Political hysteria," Mr. Jenkin smoothly diagnosed as Mr. Orme frothed at the mouth.

But Mr. Healey was altogether more formidable. With a brutal turn of phrase, grinding remorselessly through the statistics, he rolled headlong into the Government.

Tory MPs tried for a time to deflect him with a few well aimed insults—but they merely bounded off his hide.

The Government had devised a programme for the "terminal decline" of British industry, Mr. Healey said. Manufacturing output would drop by 5 to 10 per cent this year.

Bankruptcies and unemployment would mount.

The only companies with a bright future were those that specialised in insolvency and debt collecting.

"The Government has delivered a karate chop to the neck of industry from which it may never recover," he declared.

Mr. Healey went on like a juggernaut, crushing in his condemnation. It was not an elegant sight but it was certainly effective.

He mocked the Tory "enterprise zones"—"a series of Californian mining towns in which anything goes."

He sneered at their help for small businesses, "at least those the Government puts out of business will find it a little easier to start again."

It may have escaped others that the Budget was deflationary but not Mr. Healey. He accused the Government of increasing the real tax burden by £1bn and ploughed angrily on, predicting another massive and painful increase in costs charges and inflation.

The Government was cheating the sick . . . cheating families . . . cheating the old . . . cheating the unemployed.

It was punishing strikers' families in a way in which it did not even punish the families of murderers and thieves. "Sheer vindictiveness," Mr. Healey asserted.

Mr. John Biffen, Chief Secretary, showed more resilience than most and bounced back.

Those who stood in the middle of the road, he observed, stood a good chance of being knocked down, Mr. Biffen said. But from where he stood inflation could not be killed by a cavalry charge, or stern policies avoided by a dash for freedom.

Parliament next week

COMMONS

Monday: Continuation of Budget debate.

Tuesday: End of Budget debate. Lords amendments to the Competition Bill.

Wednesday: Lords Amendments to Education Bill. Remaining stages Limitation Amendment Bill.

Thursday: House meets at 9.30 am, takes questions until 10.30 am, and Adjourns at 3.30 pm until Monday, April 14.

LORDS

Monday: National Heritage Bill, Education Bill: Third Reading. Import of Live Fish (England and Wales) Bill. Debate on the Harrier programme.

Tuesday: Highlands and Islands Air Services Bill: Third Reading. Social Security Bill: Second Reading. Shipbuilding (Redundancy Payments Scheme) (Great Britain) (Amendment) Order, 1980; Shipbuilding (Redundancy Payments Scheme) (NI) (Amendment) Order, 1980; Debate National Service.

Wednesday: Debate on the Budget and its effect on the social, economic and industrial life of the nation.

Thursday: Education Bill.

Elderly single and married couples —income all earned

Income	Charge for 1979/80 Income tax	Percentage of total income taken in tax	Proposed charge for 1980/81 Income tax	Percentage of total income taken in tax	Reduction in tax after proposed changes
£	£	per cent	£	per cent	£
Elderly Single Persons					
2,000	115	5.7	54	2.7	61
2,500	250	10.0	204	8.2	46
3,000	400	13.3	354	11.8	46
3,500	550	15.7	504	14.4	46
4,000	700	17.5	654	16.3	46
4,500	850	18.9	804	17.9	46
5,000	1,000	20.0	954	19.1	46
5,500	1,250	22.7	1,104	20.1	146
6,000	1,413	23.5	1,274	21.2	139
7,000	1,712	24.5	1,687	24.1	25
Elderly Married Couples					
2,500	11	0.4	0	0	11
3,000	136	4.5	31	1.0	105
3,500	275	7.9	181	5.2	94
4,000	425	10.6	331	8.3	94
4,500	575	12.8	481	10.7	94
5,000	725	14.5	631	12.6	94
5,500	975	17.7	781	14.2	194
6,000	1,217	20.3	951	15.9	266
7,000	1,517	21.7	1,451	20.7	66

In yesterday's early editions, some lines were transposed in the above income tax table. The correct version is printed today

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The rubber group that aims to keep the ball in its own court

BY RAY MAUGHAN

AT 3.30 yesterday afternoon, the Malaysian plantations group, Sime Darby, was freed from the one-year ban on making a new takeover bid for its UK-based rival, Guthrie Corporation.

It was a year ago that Sime's £154m offer for Guthrie—worth 535p per share—just failed to capture voting control and therefore lapsed. Under the rules of the City Takeover Code any attempt to renew the bidding in these circumstances must be put on ice for exactly 12 months. Guthrie has used the intervening time to prepare its defences.

While many companies in this situation are left to ponder the latterday bidder's ultimate intentions, Guthrie has never been in any doubt that Sime means to acquire its oil palm and rubber plantations. Ian Coates, Guthries' joint managing director with Mark Gent, who is also chairman, is prepared for another battle.

Ian Coates: under threat in the rubber plantations.

Other than beefing up the performance of its existing assets, a quarry caught in this position has two broad defensive options. It can pursue its own acquisitions and, bit by bit, make itself indigestible, or diversify sufficiently to defeat the commercial logic of the first offer. Alternatively, it can seek a merger with another, less hostile, suitor.

Coates now admits that Guthrie "panicked for the first six months" of the limbo period. "We looked round at all kinds of possible deals and even considered merging with Booker McConnell," the sugar, food retailing and trading group, Coates says, "but last September we decided to push Sime out of our minds."

A policy of acquisition in the U.S. and expansion of plantation activities in areas of the Far East had already been formulated and, once the desperate search for a defensive merger had been abandoned, the programme was put back into operation. Malaysian earnings, however, still dominate.

These contributed £20.5m before tax and interest during 1978 from a total of £25.5m. After debt servicing costs, Guthrie made £20.9m pre-tax in that year and is forecast to have produced £26m in 1979, which would have been £3m higher had it not been for currency *fluctuations. Again, the bulk* would have stemmed from Malaysia.

One of Guthrie's more important deals recently was the signing of a joint venture in the Philippines to develop *20,000 acres of oil palm* at Agusan De Sur on Mindanao. This venture with the Philippines' Government is dwarfed by Guthrie's 190,000 acre rubber and oil palm estates in Malaysia but it is significant that this is the first time that the group has widened its plantations base from Malaysia. It may be possible to suggest that this expansion stems directly from the Sime threat but Coates insists that Guthrie had been negotiating this venture for over two years.

Further major ventures, involving technical support services, training and plantation technology outside Malaysia are in the pipeline.

And Guthrie is poised to unveil another deal in the U.S. which will dramatically increase the scale of its North American operations. Again, Coates refutes any suggestion that the group is merely reacting to Sime's imminent offensive since Guthrie is always scouring North America for new acquisitions. The deal that it appears to have struck for the purchase of a privately owned foundry and railway container company is expected to lift the proportion of North American turnover by some £175m annually.

Guthrie already owns valuable businesses in America and Canada. The Trench Electrict subsidiary manufactures line traps, reactors and transformers, Butler Plastics supplies U.S. motor corporations and *Ajax Magnathermatic* is an electric induction heater manufacturer. Their combined turnover in 1978, however, reached just £56m which, after a long strike at Ajax, produced a fall in operating profits from £5.4m to £3.5m.

On paper, Sime would already be very stretched to get Guthrie. The shares have reached 900p this year and, at this price, the bidder would have to find £181m to build its current 29.9 per cent *holding up to full* ownership. That would be quite a sum considering that Sime's own net worth is about £170m. It may therefore be possible to argue that the bid cannot be renewed because the bite would be *too big.* Guthrie, *however,* has always been convinced that the Malaysian authorities are willing to finance Sime so its discernible balance sheet strength, or lack of it, would be of little consequence.

The Guthrie share price had been weakening since the peak reached near the beginning of the year and the relative decline in the plantation sector generally as rubber prices came off the boil was probably largely to blame. But Guthrie now *appears* to have conveyed to the stock market its own certainty that a new bid is coming and the share price has begun to march back up to the annual high.

The group has used this share price strength to make an agreed bid for City and International Trust which, in a sense, can be seen as a "back door" rights issue. The plantations company will issue shares, given approval of its own shareholders at an extraordinary meeting on April 17, in consideration for the investment trust whose portfolio it intends to liquidate to raise cash of around £18.3m.

The proceeds will certainly be very useful. On deposit, the cash would have increased 1979 earnings by 5p to some 41p per share and will probably be used to fund U.S. acquisitions.

But Guthrie also knows that the margin of votes not committed for or against last year's bid is very tight. As a keen *student of the Guthrie share* register, Coates believes that 40 per cent of the shares are either held by Sime or by those sympathetic to a Malaysian takeover. On the other side of the coin, the group can probably count on the support of the founding Anderson family. Barings merchant bank and the thus far loyal M & G stable of trusts which, in aggregate, control another 40 per cent. Last time round, holders of about 7 per cent of the equity failed to respond whatsoever to the bid—the so-called "dead" shares to be found in any company register held by people who never look at their portfolios—which suggests that Guthrie's fate could be decided by holders of as little as 13 per cent of the equity.

So it may not be entirely coincidental that the bid for City will have the effect of diluting Sime's holding by almost 3 per cent to about 27 per cent. On the other hand, the *proposed deal offers* Guthrie shareholders an opportunity to subscribe for new equity because the cash alternative made available to City shareholders will be financed by a straightforward rights issue. Sime, Guthrie's argument runs, can avoid dilution by taking up its new share entitlement, thus making it more than ever clear that it means to come back.

Coates stresses that the cash call is by far the most important element of the *bid* for City ("although I suppose we could be blamed for not thinking about it until January," he says) but it should have the advantage of forcing Sime to come to some fairly swift decisions. It may have to try to block the investment trust deal at the forthcoming annual meeting unless, by April 17, a full-blooded plantations battle has not already started.

It has been suggested that, in view of the rise in community *prices, Sime would have to start* the bidding at around £10 per share. If that is the case, Guthrie shareholders can be thankful that their board stopped panicking last September.

John Lloyd discusses recent pronouncements on the future of mass communications

The Post Office as we know it will no longer exist . . .

Point One. The Post Office will shrink dramatically if, as expected, a Bill to split it into two parts succeeeds in its *passage through the House of* Commons in the lattter part of this year. It will then become the British Telecommunications Authority on the one hand, and the Post Office on the other.

Point Two. The truncated organisation *then called* the Post Office will contain two businesses, posts and National Girobank. Girobank is a thriving and rapidly growing banking and money transmission service which should have 1m customers by the end of the year. It depends on post offices for its counter services, but otherwise it inhabits a largely separate world.

Point Three. We are thus likely to be left, by the end of 1980, with a Post Office which is concerned *with the same business* as when it was created in 1660—that is, the carriage of mail.

Interrogation One. So the Post Office will be smaller. But that doesn't mean it will no longer exist, does it?

Point Four. The only answer to that is: it might or it might not. *My own bet* is that it will —in some form. Michael Corby, in his excellent book "The Postal Business," sees as quite possible retrenchment from at least a substantial part of the *ground which posts now occupies.* He says: faced with the alternative of continual increases in price in may well be that the public would prefer a programme which would steadily wind down the postal services over a period of years, to the sudden introduction of desperate cuts."

Corby's book—and his work as director of the Mail Users' Association (a pressure group supported by large postal customers, which nips the ankles of postal management with some flair, though it has a disconcerting habit of occasionally licking their boots)—is testimony, indeed, to the continuing vitality of the business. The postal service is clearly doing a central job of work if it can *stimulate so energetic a* response as this book: Corby, an ex-corporation man, at once loves and is exasperated by it. This breeds occasional schizophrenia.

Although there are cavills over stylistic oddities which, while odd, are still stylish after a fashion, the meat of the book is thorough, entirely digested and orderly. It is surprising that it is the only worthwhile book about the Post Office available, and a pity it does *not extend to telecommunications.*

But to the point. After predicting decline, Corby evenhandedly calls for success. "There is scope for growth," *he says sternly.* "Although mails may lose its market share during the expansion of communications it could benefit by a smaller share of an expanding market. There is enormous potential for increasing direct *mail. . . .*"

Point Five: Yes, there is, as another book by Robin Fairlie, who is business services manager of Readers Digest, will tell you. Direct mail, which consists of both addressed and *unaddressed circulars* ("junk mail"), has been a growing part of the Post Office's business. Fairlie's book tells why, and how it can help a company's marketing effort. It's an interesting book if you're interested in direct mail, and it's better written than most of this kind: the general reader will not feel tempted.

It does, though, bring into relief a couple of points germane to this argument. First, Fairlie is all for the postal *monopoly,* provided the customer uses his power to get the best deal he can from it. He encourages companies to regard their mail handling as a bartering operation, and to threaten to withhold its junk mail or parcels (where other carriers may compete) from the Post Office if it doesn't offer a good package deal. That raises the spectre of further privatisation of junk mail handling (postmen don't like it, anyway), especially where there is a Government in power which is keen to tweak the nose of public monopolies. And *that,* in turn, means a further sliver off posts' terrain.

Interrogation Two. So it seems that posts will stay—because a monopoly is agreed, even by the most critical customers, to be reasonable within limits?

Point Six. Yes, but Electronics is no respecter of tradition, and the corporation has fashioned a dagger for its own breast. That is Prestel, the system which brings you information through *the phone lines for display on* your TV screen. The Post Office is now busy making sure everybody knows about it, and two futher books might help the process.

The first is by Rex Winsbury, formerly a colleague on this newspaper, now director of the FT/Extel subsidiary, Fintel, a provider of business information for Prestel. The possible partiality declared, Winsbury must get the credit for a sober and clear rehearsal of the *present state of the art.* He has immersed himself in the technology he serves, but only to the chin; he can still see about him with sufficient detachment to provide a simple guide to a *system most still find* bewildering, and to grasp its inherent potential.

He asks: "Is videotex (the generic name for computer-based information systems displayed on a screen) an enormous storehouse of rather neutral 'reference information . . . of relatively static nature and little, if any, controversial comment?, . . . or have we stumbled across a . . . novel conception, that of the social and political role of computer-based mass communication?" True to the reporting style of the FT, he keeps his opinion to himself; but the questions are the right ones.

There is, however, no question that Prestel's (and other like systems) success will cut deep into mail. Once it is used as a shopping medium, the mail order business which the Post Office now enjoys will fall off. And if, in further related developments, bills may be paid electronically, the postal service totters; and Postmen Against Prestel will become a viable organisation, and meaningful to boot.

Pie in the sky

Interrogation Three. Yes, but all this is terribly pie in the sky, isn't it? Movements like that happen terribly slowly, if at all, and never completely.

Point Seven. I hate to continue with this tone of elaborate *reason, but it depends who you* read. Winsbury is pragmatic and detailed; our last volume is straining at the leash after future glories. Sam Fedida and Rex Malik, respectively Prestel's inventor and (as he himself admits) a leading writer on computing and telecommunications, have written a book which tells you much about what viewdata is, but much more about what they would like it to be. By 1985, they predict (it is not clear if wholly seriously) Prestel will be reading meters, acting as a taxpaying medium, producing hard copy, diagnosing vehicle failure by the roadside and acting as a diary. In that year, they cheekily aver, Sinclair Electronics will announce a portable Viewdata set.

They end on a triumphant note: "It (viewdata technology) can be expected to upset the traditional order of things. But we comfort ourselves with a thought that could have been uttered *at any time* during history: that that is what the traditional order of things is for." Right on, Sam and Rex (why do so many viewdata-people rejoice in names favoured by dog-owners?), but in the end I prefer the other Rex, fun though "The Viewdata Revolution" is. Revolutions are not in the gift of any technology, though they may contribute to them over time.

Interrogation Four. So what are we left with?

Point Eight. With this. The Post Office is most people's Aunt Sally, including, at times, the Government's. One of the reasons it is so is that it must do a great variety of quite different things, most of which are in the public eye. Still, any organisation which can invent Prestel while delivering the mail to Orkney with fair regularity deserves at least *some of the praise it bestows on itself.*

Yes, it will still exist, but it is likely to become increasingly amorphous, much less of a corporation. A variety of pressures, of which technology is perhaps the most important (I admit it, Sam and Rex, before you bark at me) will force the various media of communications away from the control of a centralised organisation.

The argument as to whether these media should be publicly or privately owned will continue *as the stuff of politics;* technology, in spite of partisan claims, is not deterministic in this regard.

The postal business 1969-79, by Michael Corby. Kogan Page, £11.50.

Direct Mail: principles and practice, by Robin Fairlie. Kogan Page, £10.

The electronic bookstall: push-button publishing on videotex, by Rex Winsbury. International Institute of Communications, Tavistock House East, Tavistock Square, London WC1. £4 (softback).

The viewdata revolution, by Sam Fedida and Rex Malik. Associated Business Press, £11.50.

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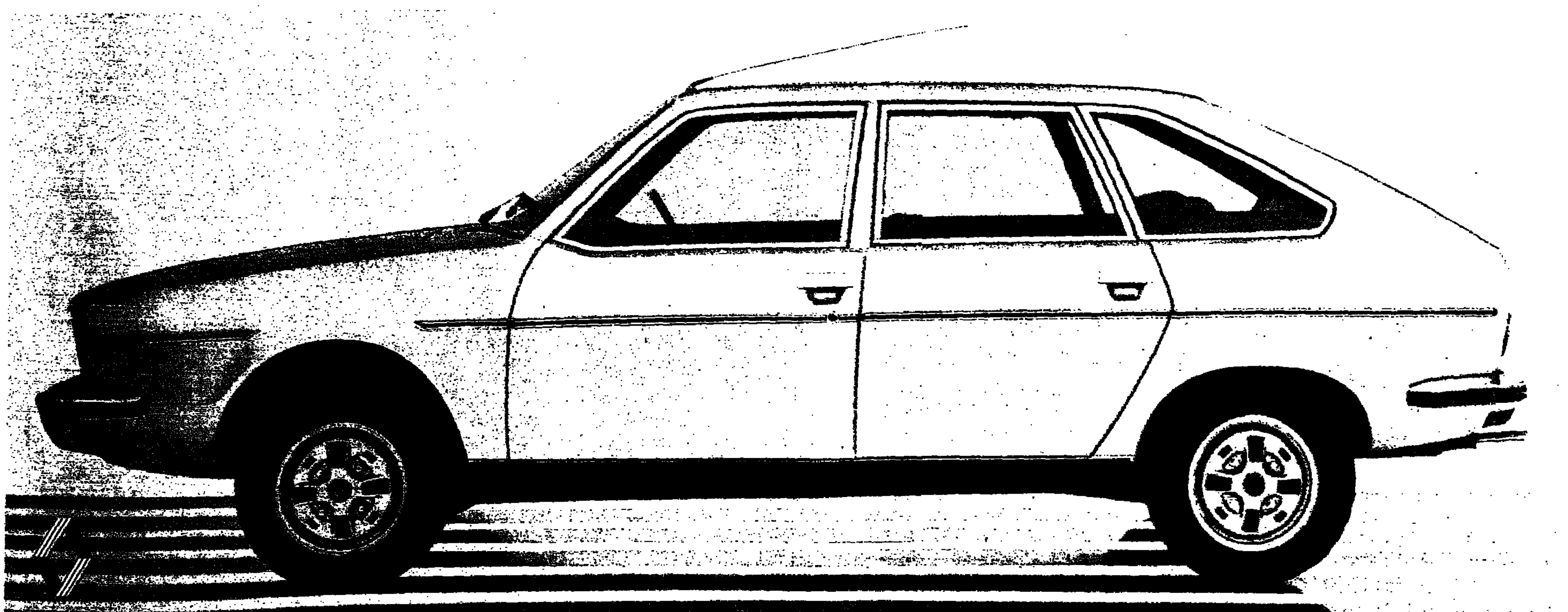


The Renault 20 range of 3 models includes the 1650cc Renault 20 TL from £5,490, the Renault 20 LS from £5,950 and the Renault 20 TS (featured) from £6,668. Prices include 15% VAT, Car Tax and Seat Belts. Number Plates and Delivery extra. Prices correct at time of going to press. For details of fleet sales, business and professional leasing or a brochure, write to Renault UK Ltd., PO Box 2, London W3. For export details write to Renault UK Ltd., Western Avenue, London W3. Ask any of our 435 dealers about low rate Renault Loan and Insurance Plans. West End Showroom 77 St. Martin's Lane, London WC2. Renault recommend elf lubricants.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

TV receivers in a fresh role

REDIFON COMPUTERS, the second largest British-owned computer company and part of the big Rediffusion television group, has taken a somewhat different aproach to the "office revolution" by proposing to employ big screen colour receivers with on-board viewdata chips as the data terminal rather than the conventional black and white visual display unit (VDU).

The company says it has uncovered a major cost advantage in using this approach. It suggests that, to the cost of the conventional monochrome VDU (say £2,500) has to be added £500/annum for a modem plus another £150/annum for an autodialler, amounting to £5,750 over five years. A viewdata set on the other hand has the modem (phone line transmitter) built in on the chips together with dialling facilities operated from a hand-held key pad that is also used to command the system. Even at current low production rates these sets cost only £1,000 to £1,500. Colour is an added bonus.

Furthermore, the company expects that within a few years the cost of such a set will be only £150 or so greater than that of an ordinary domestic colour receiver—and it is an area in which the Rediffusion Group is heavily involved.

Significant, too, is the fact that the set can also be used to receive the Post Office's Prestel viewdata service. It could even double as the family television set in small businesses where the proprietors "live above the shop."

Redifon is in general taking a much broader view of the aplication of systems of this kind: in effect, it is extending a company's offices into those of its suppliers and customers by connecting such "telly-terminals" over the public switched telephone network. In conjunction with a central computer and database all the users, within and outside the company, will not only be able to extract data but enter it as well for overall updating of the stored information.

Redifon is placing great emphasis on what it calls "non-threatening" terminals, which is why it is soft-pedalling the conventional VDU with its "complicated keyboard," although these can be supplied if required.

Apart from the "friendly television" the company is also offering the Writaway pressure writing tablet in which hand-printed characters are turned into data signals and also appear on an on line display across the top of the tablet. The device is interactive: not only can data be entered into the system with a pen, it can also be extracted and seen on the line display.

Both the colour terminal and the writing pad can be used remotely over phone lines and Redifon believes they will open up new prospects for communications between a company and its customers, clients, distributors, agents, supplies and of course its own branches. The Writaway unit also produces hard copy if needed.

Redifon believes—and may well be right—that the use of this kind of internal/external data communications is inevitable and that those who use it first will take an important stride beyond their competitors.

To take only one example, a wholesaler's customers could keep in touch in terms of delivery schedules, new items available, price changes, ordering, billing—and these external dealings would be integrated with the wholesaler's internal routines. Travel agency and motor agency operations would benefit similarly. The opportunities are widespread.

There is even the prospect of completely new kinds of businesses appearing. For example, the "Information Service Broker" who would invest in a central equipment and place colour terminals in his client's premises. On a local basis for example, news of goods and services would be displayed and the broker would take orders, arrange deliveries and even collect money.

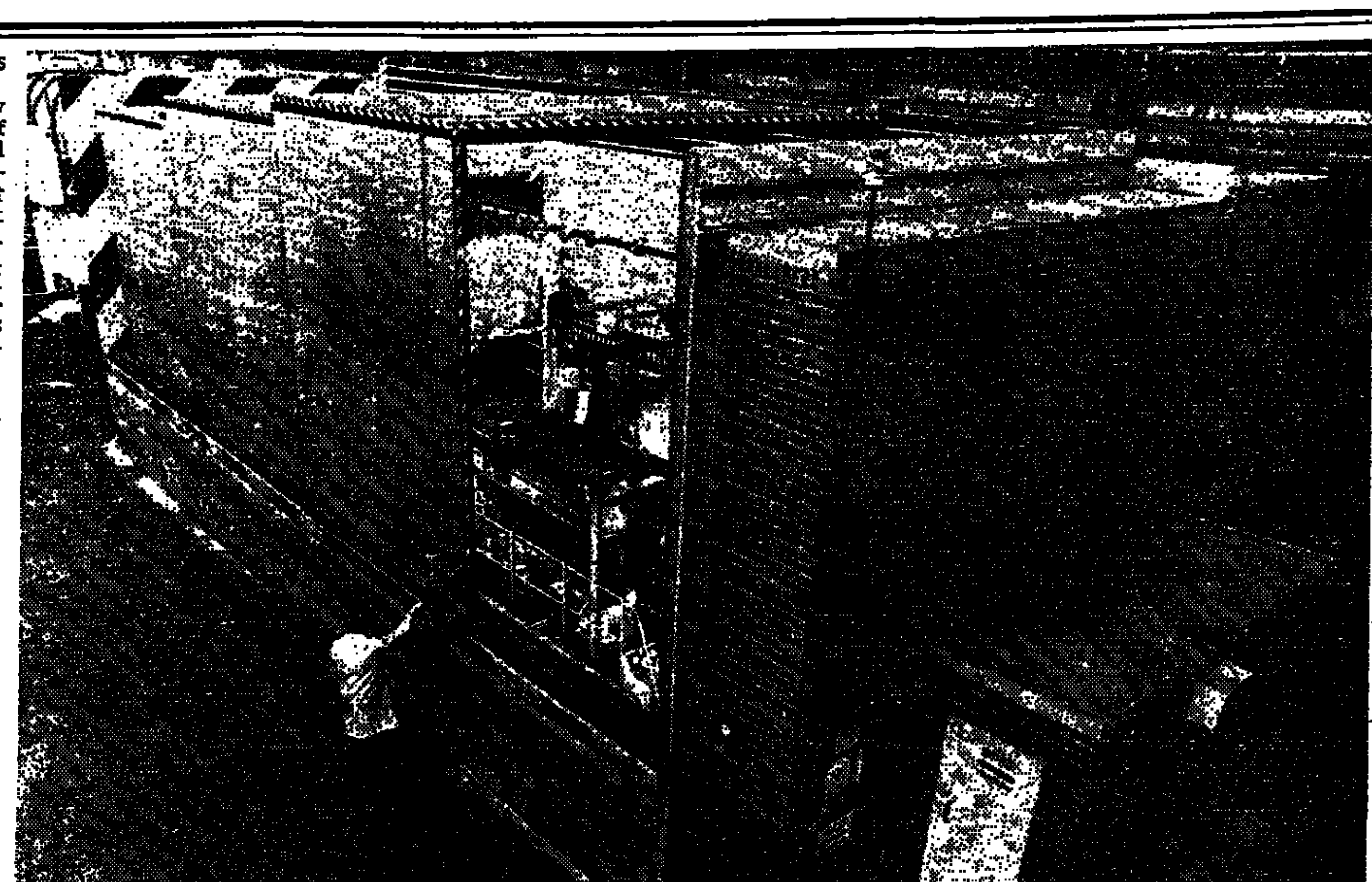
The directory business could change: Redifon asks "what point is there in say, 'Yellow Pages' if one could go into a computer using alphabetical search mode to find a phone number and then automatically dial it?"

Users of the colour terminal would not be restricted to any particular data-base: they could dial up anyone's, including the Post Office's.

The first of these systems, designated R1800/50 makes use of the company's R5000 computer and can support up to 64 viewdata ports, up to 32 alphanumeric VDUs, up to 32 hand print terminals and makes available a maximum of 600 megabytes of information storage. For storage of a more archival nature four magnetic tape drives, and two diskettes can be employed and over 30 printers can also be connected. Later on both larger and smaller systems are to be introduced.

First shipments of R1800/50 models are planned to start in the first quarter of next year. Redifon Computers is at Kelvin Way, Crawley, Sussex (0293 31211).

GEOFFREY CHARLISH



A sliding acoustic canopy for an engine test cell has been developed by ICI Acoustics, Welwyn Garden City, Herts. and is being used by engine manufacturer Mirrlees Blackstone (Stockport), a Hawker-Siddeley company, when testing new units. Purpose-designed to contain noise from diesel engines on test at the Stockport, Cheshire factory, the test cell incorporates four inverted "L" shaped sliding doors providing the front and roof to an existing brick and concrete test facility. The doors stack at both ends and can be opened in stages, in each direction, providing convenient access through the front of the cell. Each sliding door is constructed from a steel framework housing 100 mm thick composite steel and acoustic infill panels and is mounted on wheels which run on tracks.

● COMPONENTS

Connnection is made easier

SEMICONDUCTOR Specialists is offering a new insulation displacement contact connector system from Augat, which solves many of the problems encountered in high-density interconnection situations.

SG (selective grounding) Series, this connector system has been designed for the termination of alternating twisted or flat pair ribbon cable. As a single system, it offers an extremely simple and convenient alternative to conventional dual cable assembly and header systems.

Configurations are available for all standard 1.27 mm or 0.05 inch round conductor flat cable, and the series both enables the selective grounding of one or several contacts in any position, and permits polarizing and variable keying with up to 16 optional positions. It also eliminates the need to solder to common paddle boards.

Semiconductor at Carroll House, 159 High Street, Yiewsley, West Drayton, Middx. UB7 7XB. 08954 45522.

● METALWORKING

Milling machine will work in spirals

INTRODUCTION OF a new design of horizontal milling machine is announced by Leicester-based manufacturer, Bridgeport Machines Division of Textron.

Model 1S has a 1065 x 225 mm table and provides movements of 600 x 210 mm. The universal format allows the table to be swivelled 45 degrees either side of centre and this feature, together with provision for a dividing head gear train drive, enables many spiral milling operations to be undertaken. Vertical traverse is 400 mm.

The spindle is of a short sturdy design to give maximum torsional and bending stiffness, and mounted in three precision bearings. Nose taper is standard No. 40 International. A speed range of 35 to 1,200 rpm is provided by all-geared transmission from the 3 kW main drive motor which incorporates an electromagnetic brake. The latter feature provides a fail-safe action as braking automatically occurs in the event of a supply failure or when the motor current is switched off.

The 1S incorporates advanced technology including a DC motor feed drive (optional for cross and vertical traverses) providing infinitely variable feed rates from 25 to 500 mm per minute and rapid traverse of 2,500 mm per minute. Feed actuation is from a directional lever mounted on the saddle.

Feed-rate selection through the potentiometer on the pendant control enables full use to be made of the power available at the spindle whilst the current limit feature of the DC drive motor prevents excessive overloading.

The feed-drive unit also incorporates regenerative braking to provide rapid stopping in both feed and rapid traverse modes. Electrical interlocks prevent the feed being engaged until the cutter is revolving, but the rapid traverse is independant of this interlock to facilitate setting operations with the cutter stationary.

Bridgeport Machines, POB 22, Forest Road, Leicester LE5 0FJ. 0533 531122.

● ENERGY

Cuts diesel fuel bill

A SMALL amount of water mixed with the fuel before injection into an engine has known benefits in terms of improved combustion but up until now claims Fidus Controls, has not been financially attractive and the equipment to do it has been bulky.

Knowledge that the idea works dates to the 1920s and many a pre-war Bentley had its power boosted by injecting water into the inlet manifold. Most motorists are aware, too, that their engines seem to run better on damp summer evenings.

With UK oil consumption running at 90m tonnes a year such ideas are attracting attention again in spite of the general unease that is bound to exist about introducing water into the cylinders of an engine.

However, several years of work at the University of Newcastle-upon-Tyne have now come to fruition in the form of a compact emulsifier about to be marketed by Fidus and for which fuel savings up to 7 per cent or so are claimed.

The device measures only 6.5 ins long by 3.0 ins diameter and consists of a high speed motor driving an emulsifying unit which uses a combination of cavitation and shear effect to produce water-in-oil particles of only four microns diameter.

The theory, not entirely proven, of what happens during combustion is that the burning oil on the outside of each globule turns the water inside to steam to give millions of "micro-explosions" in which even smaller droplets are thrown out of each sphere and burn very efficiently.

Initially the device is aimed at the retrofit market for buses and trucks: the cost per vehicle, which includes water tank, small pump, valves, the emulsifier and a box of electronics is about £450, excluding fitting. Fidus claims that for a vehicle covering 1,000 miles a week the cost is amortised in under a year.

If this first unit is well received the company plans to introduce a smaller model for the oil burner heating market and another for big marine diesel engines.

Fidus Controls, Heddon Way, South Shields, Tyne and Wear NE34 0NT (0632 556311).

This straddle crawler tractor for harvesting fruit trees has been developed by Tamplin Engineering of Birdham, Chichester, Sussex. Using a 174c Massey Ferguson tractor unit it is designed for driving over 6 ft tall trees and has a hydraulically controlled U-shaped plough unit, operated from the rear, which can be used to lift trees.

● MATERIALS

Fast cure cement mixtures

CHLORIDE-FREE liquid for accelerating the setting and hardening of concrete mixes has been developed by Sealocrete Products, Atlantic Works, Oakley Road, Southampton SO9 4FL (0703 777331).

Being a liquid, it is far easier to dispense and to use than previous chloride-free accelerators, which have been supplied in powder form. This makes the product particularly suitable for use in large-scale batching operations.

Sealocrete chloride - free accelerator (CFA) complies fully with BS. 5075: Part 1:1974 for accelerating admixtures. It does not contain chlorides likely to affect protection from corrosion given by concrete to embedded steel or other metals. It is thus perfectly safe to use in all reinforced and prestressed concrete complying with the latest requirements of BS Code of Practice CP 110. In addition, it is also safe and effective when used with sulphate-resisting Portland cement.

Laboratory tests have shown Sealocrete CFA to be effective at low temperatures, making it ideal for accelerating and protecting concrete and mortars during frosty weather. It is also ideally suited to use in precast concrete to give it a faster striking rate, and for floor slabs where traffic is expected soon after placing.

Sealocrete CFA is supplied as a ready-to-use liquid in 1, 5, 25 and 205 litre containers.

● PROCESSES

Fine finish for glass products

A TECHNIQUE for applying a frost-finish to delicate glass items have been developed by Hankoe Advanced Surface Treatments, 823 Yeovil Road, Slough Trading Estate, Slough Berks (0753 22779).

Working with the Glass by David organisation which *markets a wide range of hand-crafted* glass flowers and figures, Hankoe says it has overcome the problem of expensive breakages and the need to achieve absolute uniformity of finish.

Earlier blasting methods had lacked precise control and acid etching was equally damaging to the flowers which retail up to £51.00 each.

The new system apparently centres upon the use of a very accurately graded blasting media of the fused alumina type where the average particle size is only 180 microns. This fine abrasive is blasted on to the flowers at low pressure, allowing the most intricate glass snowdrops, tulips and daffodils to be frosted safely.

FINANCIAL TIMES SURVEY

Friday March 28 1980

Scottish Banking and Finance

CONTENTS

High interest rates have produced healthy profits for the Scottish banks and they are more optimistic than most about the country's economy. North Sea oil activity is picking up and there are still solid companies doing well in the face of the general decline.

Bankers search for sign of light

By Ray Perman

IT IS refreshing talking to bankers about the Scottish economy. Whereas manufacturers, trade union leaders and civil servants may be pessimistic about the general picture—the fall in output, the rise in unemployment and the continued spate of factory closures — bankers, *especially merchant* bankers, are optimists.

They have to be. A banker who cannot make himself believe that he will always be able to find the bright spots amid the gloom, the entrepreneurs with winning ideas, the overlooked company doing well *against* the trend, might as well pack up and go home.

As a *litmus of the general* health of the economy they are a pretty poor indicator, seeing too much of what is good and too little of what is bad (no point in knocking on the door of a firm that everyone knows is on the edge of receivership). But as a *reminder* that even in Scotland, even in winter, even when the Scotland Rugby team has just been trounced *by the Welsh* and the *English*, there are good solid companies still doing well. They perform an invaluable service to the national morale.

Perhaps for a change we ought to consider the reasons to be cheerful about the Scottish outlook before going on to the bad news.

First a look at the banks *themselves. A period of high* interest rates has done them no harm in the short term. Profits for last year are substantially up on the previous period and as yet the dearer price of money has not materially altered the pattern of demand.

Total advances by the Scottish banks *were* up 17 per *cent* in the year to November and *the figure is much higher* (23 per cent) if we include acceptance credits, *which* are becoming increasingly popular with the banks as a means of skirting the corset restrictions. This figure was in fact marginally higher than the comparable rise for the London clearers.

Not so good

The coming year does not look quite so good. Mr. Grant Baird, the Royal Bank of Scot*land's economist, points out* that one should expect lending to be high at this time in the business cycle. "Manufacturing borrowers are being squeezed hard. They have tremendous stocks built up, but once they liquidate these I would expect the demand for credit to fall sharply. About Budget time we should see a big fall in borrowing which could last a year or 18 months."

He *is* equally pessimistic about personal lending, which has already shown signs of flagging under the *burden* of interest rates.

But there are hopeful signs for the banks and for the economy as a whole in the pick-up that is already happening in North Sea activity, a big contributor to Scottish growth in the early 1970s.

After three *or* four very lean years in which the oil com*panies digested the enormous* workload of the fourth and fifth *rounds of oil licensing*, orders are again starting to flow. The contracts for production platforms provide a fairly reliable guide to the general state of the industry, so it is cheering to see several major ones placed in Scotland in the last six months and the promise of more to come.

But it is not only oil develop*ment that is moving.* The Government has already seen *the preliminary findings of an* investigation by Mobil and the British Gas Corporation of the feasibility of building a gas gathering pipeline connecting a number of fields and is said to be enthusiastic about the proposal.

The chemicals and petro*chemicals sector is another* which is doing well north of the *border. After a long planning* delay, Shell and Esso have *finally* got under way with their £500m separation plant and ethane cracker in Fife, and expansions are either under way or planned by several other major companies, including BP Chemicals, ICI, Borg Warner Chemicals and Hoffmann la Roche.

Electronics—another contributor to Scotland's industrial growth in the last decade—is also still growing: with a number of the larger manufacturers such as IBM, Motorola, Honeywell, National Semiconductor and Burroughs increasing *capacity and a rich crop of* smaller British firms growing in *their shade.*

But, those sectors apart, it cannot be concealed that the overall picture is not good. Despite some recent attempts by *the Scottish Office of the Con*federation of British Industry *to keep up industry's spirits by* publicising hopeful forecasts, many companies are telling a depressingly similar story. Demand at home is low, the high value of the pound is making exporting more difficult and costs are soaring.

Stagnant

The last CBI trends survey showed 61 per cent of Scottish *manufacturers operating at be*low capacity. Three-quarters of *firms expected their order books* to remain stagnant or fall in size over the next four months against 19 per cent who expected a rise. Investment intentions were the weakest for several years and the downward trend in employment was much more marked in Scotland than in the UK as a whole.

The problems of engineering, still the most important manufacturing industry, have been compounded by the steel strike. It is true the dispute seems to have had very little effect on the general level of activity and managers have shown remarkable ingenuity in getting sup*plies and overcoming shortages* of certain products schedules and it can only be a matter of time before this in turn affects the ability to meet delivery dates.

The strike has also had an *immensely damaging effect* on the steel industry itself. At a time when Scotland was *poised* to start making full use of the expensively modernised steel plant installed at Hunterston and Ravenscraig, the stoppage has thrown uncertainty into the industry's future.

Other nationalised industries are feeling the effects of recession. Shipbuilding yards are badly short of orders to replace *the Polish contract and Leyland* Vehicles has recently announced *750 redundancies from its light/* medium division in Scotland.

All this comes at a time when the Government has taken away some of the crutches on which Scotland used to depend. Regional policy has been *weakened and large areas in* Scotland have been either downgraded in status or dropped altogether from the assisted list.

This, together with the general squeeze on public spending, will contribute to the rise in unemployment, which is already at levels not seen since the war.

There is still a lot going for *Scotland and her economy* still possesses many skills—not least banking—*which will serve her* well in the future. But the short term will be difficult.

BALANCES OF THE SCOTTISH CLEARING BANKS
(as at February 20, 1980—£m)

	Total outstanding		Change on month		Change on year	
LIABILITIES						
Sterling deposits:						
UK banking sector	235		− 3		+ 34	
UK private sector	3,684		+ 3		+609	
UK public sector	90		+ 3		—	
Overseas residents	108		+ 2		+ 37	
Certificates of deposit	157		− 1		+ 31	
		4,274		+ 4		+ 711
of which: Sight		1,717		− 97		+ 195
Time (inc. CDs)		2,557		+102		+ 516
Foreign currency deposits:						
UK banking sector	453		− 29		− 28	
Other UK residents	130		+ 14		+ 34	
Overseas residents	453		+ 35		+ 91	
Certificates of deposit	117		+ 7		+ 48	
		1,154		+ 27		+ 145
Total deposits		5,428		+ 31		+ 856
Notes in circulation		450		+ 15		+ 42
Other liabilities		899		− 52		+ 156
TOTAL LIABILITIES		6,777		− 6		+1,054
ASSETS						
Sterling						
Cash and balances with Bank of England		461		+ 1		+ 29
Market loans: Discount Market	164		− 6		+ 36	
UK banks	546		+ 5		+174	
Certificates of deposit	158		− 26		+ 17	
Local authorities	39		+ 1		− 11	
Other	10		− 1		—	
		917		− 27		+ 216
Bills: Treasury bills	131		+ 2		+ 14	
Other bills	92		+ 2		− 1	
		223		+ 4		+ 13
Special deposits with Bank of England		—		—		− 13
Investments: British Government stocks	114		− 37		− 62	
Other	48		—		—	
		162		− 37		− 62
Advances: UK private sector	2,807		+ 58		+510	
UK public sector	109		+ 1		+ 43	
Overseas residents	203		+ 3		+ 23	
		3,120		+ 62		+ 576
Other sterling assets		688		− 35		+ 119
Foreign currencies						
Market loans: UK banks and discount market	268		+ 27		+ 68	
Certificates of deposit	4		—		+ 1	
Other	333		− 6		+109	
		604		+ 21		+ 178
Bills		—		—		− 2
Advances: UK private sector	178		+ 4		− 46	
UK public sector	64		—		− 13	
Overseas residents	346		+ 2		+ 52	
		589		+ 6		− 6
Other foreign currency assets		13		—		+ 7
TOTAL ASSETS		6,777		− 6		+1,054
Acceptances		261		− 2		+ 206

Owing to rounding of figures, the sum of the separate items will sometimes differ from the total shown.

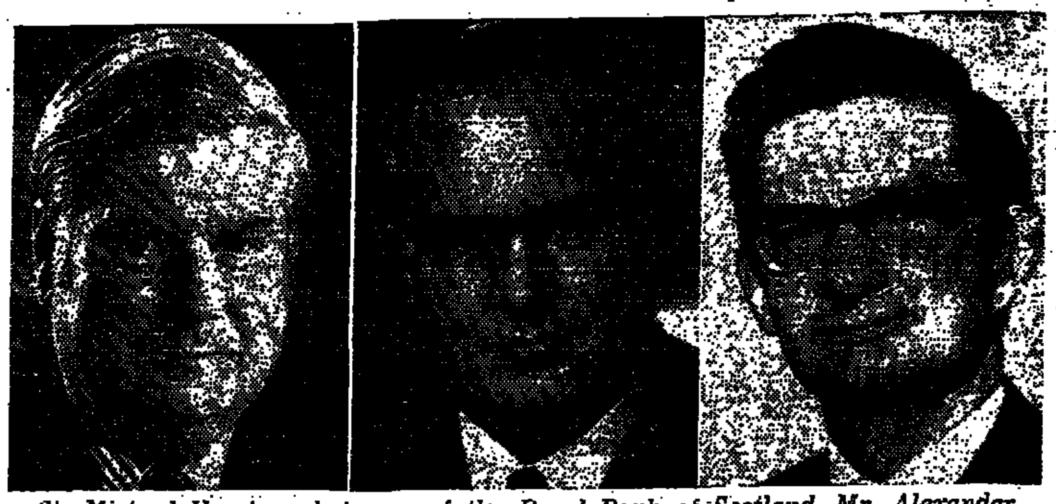
Clearers counter rising costs with automatic tellers

THE THREE Scottish clearing banks—Royal Bank of Scotland, Bank of Scotland and Cyldesdale—seldom make headlines news in the English papers. This is partly the result of the dominance of the "Big Four" London clearers and that fact that the Scottish banks are headquartered in Edinburgh, or Glasgow in the case of the Clydesdale.

Anyone who thinks that distance away from London is a constraint on the Scottish banks should think again. Far from being behind the London branch banks in areas such as automation, the Scots are, if anything, in advance of their giant English cousins.

As in England, the Scottish branch banks are the outcome of several mergers over past decades. The largest of the three banks is Royal Bank of Scotland, with around 500 branches throughout Scotland. It may be seen as the Scottish end of what used to be called the National and Commercial Group; Williams and Glyn's is thet English end. Bank of Scotland, the second largest of the banks, has some 400 branches, and 35 per cent of its capital is owned by Barclays. Clydesdale, the smallest of the three, with 360 branches, is wholly owned by Midland.

Clydesdale's preliminary results, announced last week, show a pre-tax profit for 1979 of £30.8m, compared with £20.7m in 1978. The Royal Bank's profit was £49m to September 1979, compared with £39m in the previous year, while the Bank of Scotland has yet to report.



Sir Michael Herries, chairman of the Royal Bank of Scotland, Mr. Alexander Macmillan, chief general manager of the Clydesdale Bank, and Mr. Bruce Pattullo, treasurer and general manager of the Bank of Scotland

As branch banks, the Scottish clearers face the same cost problems as their London-based counterparts. They are tackling them in a number of ways.

Most obvious is a firm commitment to automate routine personal banking transactions, both at the point of sale and in the back office. The Royal Bank is most advanced of the three in its programme to instal cash-dispensing ATMs—automated teller machines. These are marketed under the name "Cashline," and over 60 machines have so far been installed. By July, 100 machines will be working, and the programme should be completed with 200 IBM machines operational by October 1981.

Direct access

In conjunction with "Cashline," Royal Bank is installing an extensive network of teller terminal machines at cashier positions in branches. So far 52 branches have 200 of these terminals, which provide counter staff with direct access to customer account information, by July this year the bank expects to have 1,000 terminals working, and by October next year the network should be complete with 2,000 terminals in operation. These machines can save a vast amount of clerical work which had to go on behind the counter before.

Clydesdale Bank has 22 similar cash dispensing machines, made by Chubb, in operation, and it plans to have 100 installed within 12 months. In addition to these "Autobanks," the Clydesdale is well advanced on its teller-terminal programme. Clydesdale chairman, Sir Robert Fairbairn, spoke enthusiastically about the scheme in his annual statement last year.

"Customers with Autobank cards, if they so wish, no longer require to write cheques or complete pay-in slips. In addition it enables tellers to have an instant balance on their tills and a record of their transactions. The Autobank cards also operates the new range of cash dispensers called 24-hour Autobanks which are being introduced through Scotland to provide a service for the withdrawal of cash, requesting statements or new cheque books 24 hours a day, seven days a week.

"We have high hopes for this system as a means of achieving increased efficiency while retaining the personal service which our customers are entitled to expect. In time it will be more than just an advanced bookkeeping system; it will be a significant marketing tool."

Another idea which Clydesdale has been experimenting with for several years now is amusingly called "TV Banking." On the ground floor entrance at the bank's Trongate, Glasgow, branch are two telling booths, controlled through a closed-circuit television network, where customers can transact business in privacy and security. The cashier, on the first floor of the building, communicates with the customer through a television screen, and vice versa. Clydesdale has found that one cashier can easily handle two booths at a time.

"TV Banking" is said to be ideal for branches where the ground floor area is limited. Customers with other than routine business are dealt with by staff on the first or second floor.

Bank of Scotland is following the other two banks with a scheme to introduce 150 "Autoteller" machines by the end of next year. These are being supplied by IBM and will offer 24-hour banking except between 11 pm and 7 am on Saturday and Sunday nights. These are the times judged to be most vandal-prone, and are also the most costly in staff terms.

Bank of Scotland has yet to decide about teller-terminals, but indications are that it will go the same way as the other two banks.

One of the main areas for cost savings resulting from all this automation concerns deposit account transactions. Historically, the Scottish banks have relied far more on interest-bearing deposit account money than the English clearers. Roughly two-thirds of all personal deposits in the Scottish banks are on deposit account, with the result that these banks benefit far less from the endowment of free current account balances than banks in England.

The traditional prudence of Scottish bankers is partly to blame for the higher proportion of deposit accounts. Managers have often preferred to give people deposit accounts than to allow them the relatively free rein of current account cheque books. This, in turn, has forced the banks to allow deposit account customers to use their accounts as if they were current accounts. So it has been traditional for the banks to allow direct crediting of wages and salaries to deposit accounts, while standing orders and regular cash withdrawals at any branch of the bank have also been accommodated.

Discouragement

The result of all this is that a large proportion of customer accounts are not paying their way. Alexander Macmillan, chief general manager at Clydesdale, reports that 50 per cent of his bank's deposit accounts have average balances between nil and £50, which is not cost effective. Clydesdale and Royal Bank see automation as the best way out of this dilemma. High-usage deposit account customers will each be given dispenser cards, while pass-books will be withdrawn.

And at Royal Bank a distinction is being drawn between "savings accounts" and "cash-line deposit accounts."

The Bank of Scotland is tackling the problem in a more direct fashion. "We are having a real campaign to discourage current account activity on deposit accounts," says Bruce Pattullo, treasurer and general manager. Managers have already been advised to stop paying standing orders through deposit accounts from October, while the bank is already refusing to accept standing orders on new deposit accounts. At the same time, customers with deposit accounts will not be entitled to a cash dispensing card.

Another very interesting development in the battle against the rising costs of branch banking is to be found at Bank of Scotland. Over the past three to five years the bank has been increasing the number of part-time staff at a rapid rate. Part-time employees, almost all married women, now number 1,100 and represent one-fifth of the bank's total female staff.

John Wilson, a joint general manager at Bank of Scotland, says that the part-timers are not just cheaper to employ. "They are more flexible and generally more mature than younger girls." The women have been found ideal for acting as cashiers during periods of peak activity, such as rush hours and Fridays.

The Scottish clearers, like banks everywhere, complain about competition. In this case, however, there is considerable substance behind the claims. The days when Scotland was left to the Scottish clearers is long since gone, and all the London banks are now represented north of the border. The Scottish trustee savings banks are also much stronger than those in England, while building societies also abound.

This background has convinced Mr. Pattullo that the best course may well be expansion in the far less banked English market. Later this year Bank of Scotland will become the first of the Scottish clearers to open a branch outside of London or the Borders. The branch will be in Birmingham, and may well be the forerunner to others in major English city locations.

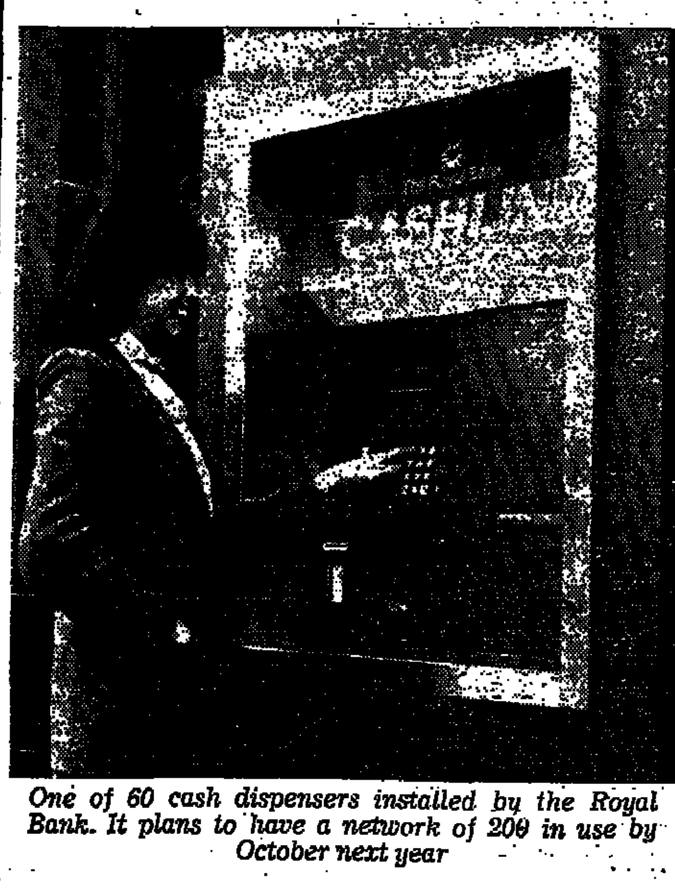
The same bank launched its own mortgage scheme last year, and has exciting plans for further business once the corset goes. "I am genuinely interested in the bottom end of the market, especially with council house and new town sales, says Mr. Pattullo.

What does the next five years hold for the Scottish banks? Sir Michael Young-Herries, chairman of the Royal Bank, talks of building an even stronger management team, of drawing Royal and Williams and Glyn's closer together, and of continuing personal service, efficiency, and attention to individuals.

Mr. Pattullo, at Bank of Scotland, says: "We will have to increase the profitability of domestic banking, and reduce our dependence on the Scottish economy."

Mr. Macmillan at the Clydesdale has similar objectives: "I want to see a higher proportion of our pre-tax profit coming from international transactions. We must try to control overheads, particularly through staff increases, by continued computerisation. We may have to look at the economies of having a manager in every branch."

Michael Lafferty



One of 60 cash dispensers installed by the Royal Bank. It plans to have a network of 200 in use by October next year

SCOTTISH BANKING AND FINANCE III

Rising share of business abroad

IF THE odd overseas branch, a few foreign representative offices and a wonderful lady in Houston who once ran the local Yellow Pages are marks of international banking, then the three Scottish clearers are truly international.

If international is taken to mean foreign currency lending, mainly through syndicated loans in the Euromarkets, and trade finance, the description fits more happily on the Scottish banks. Using this broad definition, Royal Bank got about a fifth of its last profits from international banking, and Bank of Scotland earned more than 15 per cent in this way. The Royal Bank Group has the most advanced international operations. The international ambitions of Royal Bank go back to 1960, when it opened an office in New York. Nothing more happened until the early 1970s—those days of competition in banking and the North Sea oil boom—when the bank identified two areas for expansion abroad. These were the Pacific Basin and the U.S. So it was that Royal opened an office in Hong Kong, which became a deposit-taking institution and later a licensed bank. In another move, Royal took a participation in Associated Merchant Bank, a merchant bank based in Singapore in which it now owns a 64 per cent stake. Another joint venture exists in Indonesia.

In the U.S., Royal became the first British bank to open an office in Houston in 1973. This was followed by offices in San Francisco and Chicago.

Involved

Today, the New York and San Francisco offices are heavily involved in wholesale banking, concentrating on the U.S. operations of UK multi-nationals, as well as U.S. companies which have Scottish interests. John Mather, general manager in charge of international banking at Royal, says there are no immediate plans to buy a U.S. bank. But he does not rule out that possibility.

He believes that the three overseas branches, the two representative offices and other connections will gradually help to increase the share of international profits. Five years from now he expects to have twice as many foreign branches.

Bank of Scotland has only one branch operating overseas, in Hong Kong. However, it also has representative offices in New York, Houston, Los Angeles and Moscow.

The bulk of Bank of Scotland's international lending is to non-residents, and is mainly in dollars. This lending is funded through a back-to-back arrangement with a U.S. bank. According to Mr. Pattullo, this has enabled the bank to engage in three times as much foreign currency lending as it might have been doing by borrowing the funds on the Euromarket.

The wonderful Houston lady of Yellow Pages fame works for the Clydesdale Bank and is the bank's only foreign representative outside the resources of the Midland group.

Michael Lafferty

Country gains from foreign influx

ONE OF the salient features of Scottish economic growth in the 1970s was the explosion of banking interest shown in the country. Whereas at the beginning of the decade the Scottish clearers shared their domain with only one foreign institution (the Bank of Nova Scotia) and none from England, 10 years later there are more than 30 different banks with offices north of the border.

They came for a variety of reasons. The trigger was the effect that oil development was having on the Scottish industrial sector and the fact that Scotland was seen as an area where the indigenous banks were still relatively parochial and only just beginning to offer the specialised expertise that customers in London, New York or Paris had expected from their bankers for some time.

But the move, by the foreign banks at least, was also part of the trend towards extensive branch or representative office networks rather than relying on correspondent relationships with domestic banks.

Once one had taken the step, it was followed by its competitors; Bank of America by First National of Chicago, Continental Illinois, Chemical Bank, Citibank, Manufacturers Hanover and so on; National Westminster by Barclays International, Lloyds and Midland; Hill Samuel by Morgan Grenfell, Singer and Friedlander and Kleinwort Benson.

The pattern is still changing, the latest arrivals being the consumer oriented institutions like Boston Moneyshop and HFC Trust.

But the interesting thing was that no sooner had most decided to open in either Edinburgh, Glasgow or Aberdeen, than the economy began to turn down. A long hiatus in the ordering of North Sea hardware coupled with a recession in the UK and export markets pushed Scotland back to the position of poor relation to South-East England. Forecasts of the business to be done from Scotland have had to be revised downwards and the prospects for the next year do not look good.

What, then, has been the experience of the incomers and how have they affected the Scottish scene?

The first point to make is that not only are they still arriving, but that none of the newcomers has actually left. All those who have arrived in the last 10 years are still here, some have expanded from one to two or three offices and all, if you confront them, will put their hands on their wallets and swear that, if their operations in Scotland are not profitable, then at least they are generating more than sufficient business for other parts of their particular organisations to justify their costs. Several claim to be making substantial profits.

The second point to make is that Scotland has benefited greatly by their presence. The Scottish financial network is now far more sophisticated than it was a decade ago (there is even a discount house—Union Discount has an office in Edinburgh) and this has rubbed off on industry. Company accountants are now much more aware of the range of services they can get from bankers, especially in the fields of international business, corporate advice and the structuring of specialised financial packages to suit their particular needs.

Extra business

And the Scottish banks have not suffered unduly. It is true that they have lost some existing business and perhaps been deprived of some of the new work that would have come their way had they not faced outside competition. But it can also be argued that they have gained from the increased awareness of corporate customers of the services that banks can offer and from the extra international business generated by the presence of banks with wider contacts.

Certainly it would be hard to identify any significant effect from the profit records of the three Scottish clearers over the past five years.

The incoming bankers themselves are keen to stress their close and harmonious relationships with the Scottish banks. In fact Mr. Craig McAllister, who besides heading the Bank of America branch in Edinburgh is also chairman of the Association of International Bankers in Scotland, believes that many overseas and London bankers have as part of their brief the duty of fostering good relations with the Scottish clearers.

Mr. McAllister's view of why so many banks have stayed and apparently prospered in Scotland is that they have each found a niche for themselves in the type of service they offer and the type of customer they approach. No one cares to compete with the Scottish banks on the whole range of purely domestic functions, but each feels it can do something a little better, whether it is moving money from one part of the world to another, offering specialist services in a particular industry, or particular forms of credit facility.

What apparently has not been a problem for the newcomers is persuading Scottish customers that using a bank with its own branch in the place with which they want to make a transaction can have considerable advantages over using one that has to rely on a correspondent bank. "If you can move £1m three or four days quicker, then at present rates of interest the customer can save a hell of a lot of money," comments Mr. McAllister.

Mr. John Haldane, who manages the Hill Samuel branch in Glasgow, believes that the arrival of the London merchant banks in Scotland was only a matter of time. His own bank already had branches in Birmingham, Manchester and Leeds when it moved north of the border five-and-a-half years ago and already had a lot of Scottish customers.

"For far too many years, Scottish businessmen had expected to have to go to see their merchant bankers in London. I think that was an absolute disgrace."

The arrival of the London Accepting Houses and, more particularly the Big Four clearers, has obviously touched the Scottish banks more than some of the overseas rivals. Although the range of services may differ slightly and each has its forte, there is more direct competition. Both Mr. Haldane and Mr. Laurie Dean, chief manager of Lloyds of Scotland, admit that they have taken business from the Scottish banks.

They have done this not only by offering a competitive service, but also, Mr. Dean claims, by offering better rates. He quotes the example of a corporate customer charged 4 per cent over base rate by his Scottish bankers. "That is not the sort of business I would want to do: either it is a good banking proposition and he is being overcharged, or it is not and there are other forms of finance he can be directed to.

"The Scots have charged quite substantial margins and that is something historically their customers have had to accept. Now they have a wider choice."

Ray Perman

Home purchase finance is fastest-growing area

LENDING BY the Scottish clearing banks increased by 17 per cent year on year to November 1979, compared with a 19 per cent increase for the London clearers.

In Scotland the most outstanding increase came in farm lending, which was ahead 39 per cent compared with 28 per cent for the London clearers.

Both the Scottish and London clearers recorded large increases in personal sector lending, with gains of 27 and 31 per cent respectively. Within this the fastest area for growth was in home purchase finance.

Reflecting official guidelines, lending to financial institutions was down about an eighth in England and Scotland.

On the oher hand, advances to manufacturing industry were ahead 11 per cent in Scotland, and 25 per cent at the London banks. However, if acceptance credits are taken into account the increase in both cases is in the region of 21 per cent.

British Linen reborn

THE BRITISH Linen Bank, with total assets of more than £200m, is Scotland's largest merchant bank. With fully disclosed pre-tax profits for the year to January 31, 1979, of £3¼m it is also bigger than some of the City's accepting houses.

The name is not one that immediately suggests a merchant bank. Indeed some traditional Scottish bankers still fume a bit about the process which has left Bank of Scotland's merchant banking subsidiary with the name of a great and ancient Scottish clearing bank.

The British Linen Bank was originally incorporated by Royal Charter from George II in 1746 under the name of "The British Linen Company." The original purpose of the company was to promote the manufacture of Scottish linen, but gradually it became involved in issuing promissory notes to make up for the national cash shortage. The notes gained in acceptability, and the company soon found it could make a better return from lending its name and expertise to projects rather than the manufacture of cloth.

So it was that the British Linen Company became recognised as a bank in 1767. However, it was not until 1906 that the name was changed to The British Linen Bank.

In 1971, following a period of rationalisation in British banking, the business of the British Linen Bank was merged with that of the Bank of Scotland. By this time Bank of Scotland subsidiary, Bank of Scotland Finance Company, had been created to issue certificates of deposit in the London wholesale money market.

Gradually this company took in deposits and developed a commercial lending business of its own. Seven years ago it was decided to convert it into a merchant bank.

Then somebody had the bright idea of resurrecting the dormant company called British Linen Bank. It came back to active life again on St. Andrew's Day 1977 when in terms of the British Linen Bank Order Confirmation Act 1977 it acquired the existing business of the Bank of Scotland Finance Company.

Today, British Linen Bank has the features of a fairly typical merchant bank. It makes most of its profit from lending partly through tax-based leasing, gets a significant contribution from corporate finance and also has involvements in foreign exchange and fund management. Out of a total staff of about 80, six are involved in leasing, six in fund management, seven in corporate finance and the rest are in banking and back-up services. Overall, the bank has 35 executives and 45 staff, of which one-third are secretaries and typists.

No overlap

The bank's chief executive is Ian Brown, previously head of Bank of Scotland's international division. He recently succeeded Bruce Pattullo, who is now chief executive of the group. The majority of the other executive directors are chartered accountants and lawyers, some with a background in famous City merchant banks like Rothschilds and Schroders.

Tom Bennie, deputy chief executive, says British Linen Bank seeks to avoid any overlap with its parent or other group companies "unless we can demonstrate an ability to do the job better."

At the present time the bank is highly liquid, with half its deposits invested in the London inter-bank market. Commercial loans amount to £100m, while net lease assets total £20m and the bank has acceptances of £15m.

Last year, British Linen Bank did £10m of tax-based leasing business on behalf of itself and the group. It also earned "substantial" fees from providing leasing advice to non-financial lessors with taxable capacity.

The bank's lending business is well spread among a wide range of commercial and industrial borrowers. Roughly one-third of lending is to companies south of the border. "We are looking for smaller quoted and larger unquoted companies," says Mr. Bennie.

The bank has made loans as low as £50,000. It does not seek equity stakes in lending situations, though it sometimes takes a share of the profit. Indirectly, however, because of the activities of Melville Street Investments, it may have equity stakes in companies it is lending to. "We are in a position to offer equity and loan packages," says Mr. Bennie.

British Linen Bank believes it has been very successful at private placings in Scotland. On a larger scale, it recently acted for British Airways Pension Fund in its takeover of Debenture Corporation, a £40m transaction.

M.L.

SCOTTISH BANKING AND FINANCE IV

Buoyant time for life companies

THE TRADITIONAL life assurance industry in the UK has stood up remarkably well to the problems imposed by continuing high inflation and has emerged the stronger over the years. The strength of the Scottish life assurance industry has for long been a byword among the community seeking assurance and pensions.

At first sight it would seem that traditional life assurance has little place in an inflationary era. It provides benefits fixed in money terms to which bonuses are added periodically. To provide a real return, those bonuses have to repair the ravages of inflation on the values of those benefits. Otherwise, the investor is paying out good money in order to receive depreciated money—not the conditions one would imagine that would be conducive to buoyant life business.

Yet, life business in the UK during the 1970s has grown steadily, despite the high levels of inflation that were a feature of the decade. And the Scottish life companies have had more than their share of this growth.

The basic reason for the continued buoyant sales is simply the strength and reputation of the Scottish life companies. The solid reserves built up over the years and the investment expertise acquired has enabled these companies steadily to raise their bonus rates to keep pace with inflation. The Scottish companies have always been prominent in the with-profits performance tables, with Standard Life, Scottish Widows and Scottish Amicable prominent, especially over the longer terms. The other companies are not far behind.

This performance sums up the success of the investment strategy adopted by the investment managers in these companies, not an easy feat in times of high inflation.

The first responsibility of the investment manager in a traditional life company is to match the guaranteed benefits under the contracts. This means investment in fixed interest stocks so that the redemptions roughly match the maturities of the life policies. Then the remaining assets have to be invested to provide a return that will match inflation—equities and property are usually most suitable for this part of the portfolio.

General Accident's headquarters at Perth

The investment manager has to decide on the proportions in each kind of investment, always remembering the underlying need for security and stability. With the very high yields availabue on gilt edged securities since 1975, it is not surprising that the Scottish life companies have been heavy investors in this sector since that time.

This is somewhat in contrast to the investment pattern prior to that period. The Scottish life companies were pioneers in the investment of equities for life assurance portfolios, in particular the Scottish Widows in the 1950s and 1960s. Standard Life has been much more orientated towards property investment. But the advent of high yielding gilts enabled the companies to change the proportions of their portfolios.

This has not meant that the Scottish life companies have been disinvesting in equities. The continued growth in the life funds have enabled them to change the blend of their portfolios by heavily investing the new money in gilts. In the late 1970s as much as 80 per cent of new money was going into gilts.

It would now appear that this reorientation of portfolios has just about finished and the Scottish life companies could recommence investing more into equities. The report for last year of Standard Life shows that it invested £80m in fixed interest, £70m in equities and £27m in property. The shape of its portfolio at the year-end was 40 per cent fixed-interest, 30 per cent equities and 30 per cent property.

Direct investment in property has shown itself to be the best hedge against inflation, despite the fall in values around the mid 1970s. Standard Life has always been dominant in this sector, concentrating more on property development in recent years. It intends to invest a further £100m in property in the next few years—good news for policyholders who are now reaping the benefits of property investment.

Substantial rises

Other Scottish life companies have been steadily building up their property portfolios, notably Scottish Amicable and Scottish Equitable. Other companies, however, have preferred to concentrate on the equity market and have still produced good bonus results. Standard Life and Scottish Mutual have both made substantial increases to their bonus rates this year. Scottish Widows has lifted its interim bonus, while Scottish Amicable has improved its terminal bonus, both indicating better rates for the full declaration at the end of this year.

The other factor in the growth of the Scottish life companies has been the tremendous expansion in pensions business boosted by the introduction of the new State pension scheme in 1978. The Scottish life companies have all been strong in pensions business — Standard Life and Scottish Widows are leaders in this field.

Inflation tends to work in favour of life companies as far as their pension business is concerned. Pension benefits being based on final salary increase with inflation, so employers have to increase their contributions to cover these rising benefits.

The new life business results last year in the UK show that unit-linked life assurance is not only firmly established, but in the individual life sector it is expanding far more rapidly than traditional business. In the past, the Scottish life companies have either set their faces resolutely against the linked concept, or they have kept a very low profile. The Scottish Actuary held resolutely to the view that a with-profits contract, with its inherent guarantees, was the better contract for the general public. Now that view is changing in most Scottish life companies.

In October, Standard Life entered the linked field in an aggressive manner. It intends to offer a wide range of life and pensions plans linked to a variety of funds, in the same manner as the established linked life companies.

Standard Life started with its individual investment bond for lump sum investments and has followed this with its maximum investment regular savings plan. The pension products are expected to appear shortly.

Scottish Amicable is taking the same route. The company has appointed a unit-linked project manager and entry into the linked market could come in the autumn.

Scottish Widows and Scottish Mutual have both offered regular savings contracts linked to equity funds for over a decade. Both these plans are among the top performers over 10 years, outstripping the corresponding with-profits figures. With this track record, both companies have redesigned their literature and are being more positive in the marketing of these schemes.

This leaves only the Scottish Provident still proclaiming the virtues of with-profit and adamantly refusing to join the move to unit-linked.

On the general insurance side, General Accident lost £10m in the UK in 1979 on its underwriting, most of it because of severe weather at the beginning and end of the year.

The company is the largest motor insurer in the UK with more than a million private motorists on its books and it lost £6m on its motor account in 1979. It also had problems on its householder account, as did every other insurance company in the UK.

But strong growth in investment income enabled GA to finish 1979 in a strong position and the outlook this year is more promising. The group passed a landmark last year when combined premium and investment income on general business topped the £1bn mark.

Eric Short

North Sea Assets in balance

IN A FEW weeks' time the shareholders of North Sea Assets (NSA), without doubt the most controversial investment trust ever managed from Scotland, will have an opportunity to decide its fate. The Board has agreed to a special meeting to discuss policy and it is a safe bet that the most vociferous critics will be out in force.

NSA was started in 1972 by Ivory and Sime, one of the oldest and most innovative of the Edinburgh investment management firms. The purpose was to enable institutional investors to take part in direct investment in the construction and service sectors of North Sea oil development. It was always envisaged there would be risks and that many investments would take a long time to mature, but no-one foresaw how difficult and uncertain the offshore market was to become.

After eight years, NSA's financial record looks dismal. The shares, originally subscribed at £20 each, were as low as £8 when the company was refused a quotation by the Stock Exchange last year and are now, after some good news from one of the latest (and non North Sea) investments, changing hands at about £14.

A number of the companies NSA has backed have been wound up, the latest being Salvesen Offshore Holdings, from which it will receive around £475,000 having put in a total of £2.3m.

Changes sought

With such a record it is hardly surprising that there is a powerful group among the 420 shareholders that wants to see changes made. But there is a wide spread of opinion about what exactly should be done.

The hardliners, who represent about 20 per cent of the voting strength, want to see NSA liquidated as quickly as possible. A second group, probably about the same size, does not go as far as this, but wants to see a halt called to new investment and efforts concentrated instead on smartening up some of the present holdings, making them as secure—and eventually as saleable—as possible.

A third group, possibly in the majority, acknowledges that things have gone wrong in the past, but feels that changes in management already made and a new policy of looking for attractive investments outside the Norht Sea could be enough to pull the company through.

This view will probably prevail at the special meeting, but not without some blood-letting. The dissidents among the shareholders have already forced two changes on the board and would like to see others.

Ivory and Sime acknowledges that relations could have been better handled. "Communications with the shareholders became very bad while there was more than one manager, in fact almost non-existent," says Mr. Garth Ramsay, who is responsible for the day-to-day running of NSA. "Since we took over a year ago we have made an effort to improve things: we have visited a large number of shareholders, we now report directly to them four times a year instead of two and we issue press releases on subjects of particular interest."

He defends the new policy of going outside the North Sea for new investment and points to the $3m stake NSA took in Blocker Energy Corporation of the U.S. in August last year. At the current quoted New York price it is worth two and a-half times as much.

But some of the institutional shareholders are not so sure that this is the right road to follow, arguing that if they want to start investing in quoted stocks they have investment managers of their own well able to do so. What they need from the managers of NSA is closer attention to the unquoted companies it already has stakes in, particularly Viking Jersey Equipment, owner of Viking Piper, one of the largest pipe-laying barges in the world.

Viking Piper exemplifies many of NSA's problems. She was ordered during the first flush of North Sea enthusiasm, but overran her construction date and cost and by the time she was delivered had missed most of the big pipelaying contracts.

Many of the other investments made in offshore service companies have suffered the same problems. For one reason or another they came too late to cash in on the first frantic wave of oil development and have had to sit out a slump in North Sea activity. The signs now are that things are again picking up and that the North Sea is heading for a second, albeit smaller, boom, but the question is will it be big enough or soon enough to rescue NSA's fortunes?

Viking Piper has high hopes of securing a major contract to lay the 400 mile gas gathering pipeline which the Government is expected to approve this year.

Ben Line Offshore Contractors, a drilling company in which NSA has 28 per cent, also has bright prospects, following the award of a lucrative contract from BP for its flagship, Ben Ocean Lancer, to drill off Argentina.

NSA also has hopes of a turn round from Oceaneering International, a diving firm in which it has 12 per cent, following a management shake-up after heavy losses last year.

Whether these hopes will be sufficient to satisfy all the shareholders remains to be seen.

R.P.

THE ARTS

Covent Garden

Lucrezia Borgia

by RONALD CRICHTON

The Royal Opera's Benevolent Fund gala on Wednesday in the presence of the Queen Mother was a success. The occasion marked the return to this theatre after nearly a century of a stalwart Victorian favourite—Donizetti's *Lucrezia Borgia*. The opera sits well there, though in its heyday *Lucrezia* was more a Her Majesty's than a Covent Garden piece—a star vehicle for Tietjens and others before her. But Her Majesty's not being in any sense what it was, the annexation is welcome. *Lucrezia* is a heart-warming work even for those whose heart does not always warm quickly to this composer. Tune after barrel-organ tune thunders out as the tale of the wicked poisoner's love for her unacknowledged son is swiftly unfolded in scenes whose compactness and economy were not lost on the Verdi of *Il trovatore* and later.

The opera is based on Victor Hugo's play *Lucrèce Borgia* then (1833) brand new. Hugo disliked what the librettist Romani did to his play, but the whittling-down of the verbal virtuosity to a skeleton for Donizetti to clothe with melodic flesh, though with a clissicist like Romani working on the Arch-Romantic it was a little like Metastasio let loose on Shakespeare, was inevitable and incidentally remains an object-lesson in the craft of turning prose drama into operatic libretto. Hugo took the now discredited view of the Borgia as a monster with the single redeeming streak of maternal love. Romani, who had trouble enough on his hands with the Italian censors, left out Hugo's final twist, that Gennaro the supposed fisherman's child was Lucrezia's son but by her half-brother, who was subsequently murdered by another brother with whom she had also committed incest. No doubt many Italian opera-goers knew enough of Hugo to read what was not said into Lucrezia's last-act revelation to Gennaro — "You are a Borgia."

Lucrezia is more than lurid melodrama, however strongly that element is deployed. Romani took from Hugo a group of young Venetian noblemen who visit the Este court at Ferrara in the wake of Gennaro (the fisherman's son has become a successful soldier), two serio-comic spies attached respectively to the Borgia and to her husband, Alfonso d'Este, Duke of Ferrara, and a certain Gubetta, disguised as a Castilian, in reality in Lucrezia's service. These characters, who include Gennaro's faithful friend Maffio Orsini, a travesti role for contralto, are used by Donizetti for a number of brilliant vocal scherzos (the texture lightened not only by Orsini but three highist tenors) which throw sparks as far forward as Falstaff.

In the title-role Joan Sutherland repeats the impression made by her recording of the opera last year, of a voice unscathed by time except at the lower end of the compass—a stream of ample, healthy, supple sound. Other features of her singing remain unaltered, including a tendency especially early in the evening to allow all vowel sounds to resemble "oo" and generally to make sadly little of the words. "Un Borgia sei . . ." in the final scene rang out clearly, but how many in the audience could follow the stages of Lucrezia's revelation to Gennaro of his identity? The taunting of her husband earlier on was mild, and for the most part Dame Joan was content to sweep grandly round the stage looking more like a Goddess of Plenty than the villainess of Hugo and Donizetti's imagination. So the very considerable pleasure of hearing her became a generalised experience, only loosely attached to or illuminating the work in question.

Leonard Burt

Joan Sutherland and Alfredo Kraus.

The Gennaro of Alfredo Kraus is an object lesson in style, clarity and distinction of utterance. The lightest phrase was so well projected that it floated through the ensembles, and although Mr. Kraus was sparing with weight of tone he showed what he had in reserve in the additional aria written for the Russian tenor Ivanoff and inserted at the beginning of act 3. Orsini was Anne Howells, whose lithe and comely presence must persuade the most bilious curmudgeon to accept the convention of the breeches role. Miss Howells inflected the Brindisi (during which Gennaro and his companions begin to suspect that they are trapped by the Borgia) with fine skill. Stafford Dean sang Alfonso d'Este with tone burnished like steel and made what can be made of the role dramatically. The Rustighello of Francis Egerton, the Astolfo of Roderick Kennedy and the Gubetta of Paul Hudson (who has an uncommon gift for disguising his features) all contributed.

This "low-budget" production has been run up by John Copley adn his designers. John Pascoe (sets) and Michael Stennett (costumes) largely, one gathers, fro mstock. The results are not bad, one gathers, from stock. The results are not bad, though whereas in days long gone by there would have been painted cloths to choose from, now they must make do with 3-D columns that evoke Thebes or Carthage as much as Venice or Ferrara. There isn't much sense of locality, and the abundance of night scenes means that faces are constantly underlit. When the torches were suddenly extinguished in the Brindisi scene, one even sighed for footlights. It may seem perverse to go on about painted drops and footlights, but Lucrezia is that kind of opera, and powerfully so: Mr. Copley's generally sensible handling did not bring this out strongly enough.

Richard Bonynge conducted, making the most of Donizetti's simple but telling strokes of colour (a double-bass entry in the last scene, for example, which recalls *Otello*), providing punctual accompaniment for the singers—too punctual sometimes, as if briskness were all. As on the Decca recording he used a conflation of the two endings, with the touching arioso for Gennaro's death from the "new finale) and the bravura finale for Lucrezia provided by Donizetti against his will and better judgment for the first singer of the role, Méric-Lalande. A Callas might make dramatic sense of this: Sutherland, serenely though she sailed through the difficulties could not do that. The opera will be televised (BBC 2 simultaneous stereo broadcast on Radio 3) tomorrow, Saturday.

St. John's, Smith Square

BBC Symphony

Britten's rousing *Cantata Academica*, a profane though solemn celebration, on Wednesday night brought to a close the BBC's richly various Sacred and Profane series: the concert had begun, however, with a grave performance of Elgar's Serenade for strings dedicated by conductor John Pritchard to the memory of Walter Susskind who died on Wednesday morning in San Francisco.

Each concert in the series has included at least one work by Britten along with little played and sometimes quite novel English works. Last night's unfamiliar pieces were Stanford's Clarinet Concerto (1902)—a mere historical curiosity which not even Colin Bradbury's ardent proposal could relieve of its sub-Brahmsian rhetorical fudge (where on earth was the supposed Irish charm?)—and Bliss's jeu d'esprit of the 1920s, *Rout*, played in the version for larger orchestra.

His resplendently tradional *Music for Strings* had feared in a concert in Novembeand it was fascinating to disver what actually led him tohis undoubted métier. *Rout*—wich of course provoked quite a scandal at its première—is e of several Bliss scores with a Stravinskyan, continental tang; *Madame Noy* and *Conversations* are others. Memories of an incisively witty performance of the latter on an old History of Music recording had encouraged in me (perhaps perversely) hopes for *Rout* as some sort of neglected *Façade* by the younger Bliss. And it is an odd, audacious little firework of a piece: a setting of (syllabic) scraps of song overheard from an Italian carnival (the title takes the sense of "revelry") to distinctly Petrushka-like sounds in what was first conceived with brittle, chamber-orchestral scoring.

But in the expanded orchestration—certainly when played without special sympathy and stylishness—the music paradoxically acquired a more scrappy rather than a richer texture: the limited thematic substance and panache of the original simply would not strech, and in the end one felt that *Rout* was really a rather amateurish affair. Alison Hargan took the place of Felicity Lott in the soprano solo but was not able to extract any genuine sophistication. Bliss knew where his English feet stood all along.

PAUL DRIVER

FOOD PRICE MOVEMENTS

	March 27 £	Week ago £	Month ago £
BACON†			
Danish A.1 per ton ...	1,2[illegible]	1,230	1,230
British A.1 per ton ...	1,1[illegible]	1,180	1,180
Ulster A.1 per ton......	1,1[illegible]	1,180	1,180
BUTTER†			
NZ per 10 kg	4.8[illegible]/14.97	14.80/14.97	14.80/14.97
English per 10 kg	8.5[illegible]	—	18.57
Danish salted per 10 kg	9.[illegible]	19.18	19.18
CHEESE‡			
English cheddar	—	1,611.60	1,560/1,611
Irish cheddar	—	1,455.00	1,535.95
Danish cheddar	1[illegible]60	1,450.00	1,445
EGGS*			
Home produced:			
Size 4	40/4.70	4.60/4.70	4.40/4.60
Size 2	50/5.20	5.00/5.20	4.75/4.90
	March 27 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	65/69.0	65.0/69.0	64.0/67.0
Eire forequarters	48/50.0	48.0/50.0	46.0/49.0
LAMB			
English	64/74.0	64.0/72.0	56.0/70.0
NZ PLs/PMs	53/54.5	52.0/51.5	52.0/54.0
PORK			
All weights	37./49.0	38.0/49.0	36.0/49.0
POULTRY			
Oven-ready chickens...	39./48.0	39.0-48.0	40.0/48.0

* London Egg Exchange pce per 120 eggs. † Delivered.
‡ 20-kg rindless blocks delivere, per tonne.

Collegiate

Zemire and Azor

The production of *Zémire and Azor* conducted by Sir Thomas Beecham at the Bath Festival 25 years ago has become legendary. Phoenix Opera, presenting Grétry's fairy-talke work at the Collegiate Theatre as part of the Camden Festival, uses the edition made by Beecham; the producer, now as in 1955, is Anthony Besch; Sally Gilpin, the choreographer. was one of the dancers at Bath. The old production was sung in French; at Camden there is an elegant new English translation, with the lyrics by Rodney Blumer and the dialogue, in rhymed couplets, by Jeremy Sams.

Marmontel's libretto for Grétry is a version of Beauty and the Beast. By picking a rose for his youngest and best-loved daughter Zémire, the merchant Sander is delivered into the power of Azor, the Beast. Zémire, discovering that her father must die, goes in his place to Azor's palace—the colourful Persian decors are by Peter Rice—and, inevitably, she falls in love with the Beast, first his voice, then his kind heart, and by her love he is transformed back into human and indeed Royal shape. The colouring given by Sir Thomas to Grétry's pretty score sounds a little shophisticated for such an artles fable, but the combination certainly ravishes the ears.

Roderick Brydon conducts, managing to banish thoughts of his august predecessor by the freshness and sensitivity of his approach, and by the dulcet sounds he evokes from the Wren Orchestra. Mr. Besch, aided by some clever—though not yet quite sufficiently swift transformations — tells the familiar story with equal tact and lightness of touch. Zémire is delightfully sung by Kate Flowers, who suggests the steadfast courage of the girl as well as her fragility. Ian Caley, in a not-too-frightening mask, pours out his tender heart mellifiously—his robe as King is not so becoming as his outfit as Beast.

Richard Jackson brings strength, both of voice and of character, to the merchant Sander, whose love for his daughter nearly causes Azor's death. Bernard Dickerson has a comic role tailored to measure in Ali, Sander's cowardly but witty servant. Both translators oblige him with splendid lines to sing and speak. As Fatma and Lisbe, Sander's two elder — and less affectionate — daughters, Phyllis Cannan and Clare Watson make much of thin material. Grétry's 209-year-old fairy-tale is still vastly entertaining.

ELIZABETH FORBES

Cinema

Drowning in disaster

by NIGEL ANDREWS

When Time aRn Out (A) Warner, West End
Get Out Your Handkerchiefs (X) Curzon
North Sea Hijack (A) Ritz
Silver Dream Racer (AA) Dominion
Santiago Alvarez National Film Theatre
Animalympics (U) Classics Haymarket and Oxford Street

"You've lived through the collapse of burlesque and vaudeville twice" croaks cheerful high-wire artist Burgess Meredith as he eggs his wife to to survival in *When Time Ran Out*. Audiences can egg themselves on with the thought that they've lived through the collapse of *Swarm*, *Beyond The Posciden Adventure*, and now this penny-dreadful harlequinade set on a volcanic island in the Pacific. Producer Allen is the ring-master of Hollywood disaster movies: the man who flapjacked the Poseidon eight years ago in what is still the best disaster film of recent times (as its sequel is the worst) and who next—unstoppable in his vandalism—ignited and stoked a Towering Inferno.

Since that lucrative act of arson, however, things have gone poorly for Allen, and the latest twitch on the downhill graph of his disaster-ingenuity is *When Time Rane Out*. Paul Newman spearheads escape attempts from a five-star hotel threatened by the urgent approach of lava. As addled and dislocated a build-up of plot and character as ever stumbled across the screen occupies the opening 50 minutes, as freelance oil-driller Newman and millionaire William Holden grapple for the affections of Holden's secretary Jacqueline Bisset, and the hotel register fills up with such *caveat*-hotelier Hollywoodites as Ernest Borgnine (New York cop chasing embezzler), Red Buttons (embezzler) and the aforesaid Meredith-and-wife high-wire team. ("I saw you in Vienna," says Holden, "and I've never forgotten.")

Meanwhile a pastel-coloured mountain spurts fire in the distance, and a tidal wave knocks out the shanty town at the other end of the island. Venal hotel manager James Farnciscus urges everyone not to panic and to stay in the hotel. Heroic Newman girds up his loins and lines and tells everyone to leave with him and make for higher ground. The stars do so. Will they survive?

From then on it's best to sit back, loosen your scepticism and allow for the fact that in Irwin Allen movies anything goes. And frequently it goes wrong. But though the special effects are terible and the dialogue largely worse, the film at least has a heart hell-bent on hyperbole. On and up the script and characterisation go into an empyrean of ever more cerulean absurdity. And who could begrudge the joy of a movie whose climax features Burgess Meredith tight-rope-walking across the sole-surviving girder of a skinn ybridge, a child on his back, while broiling lava hisses from below and heady Hollywood dialogue steams from above?

Bertrand Blier's *Get Out Your Handkerchiefs* is another so-so import from the currently struggling French cinema. Blier made *Les Valseuses* some years ago, a high-voltage caprice about the sexual hunting rites of two predatory males, played by Gerard Depardieu and Patrick Dewaere, and the new flm tells a similar kind of tale, only softened up and stretched out like a ball of wet pastry.

Depardieu is the macho Parisian who cannot get his pretty, waif-faced wife (Carole Laure) to smile and enjoy life: or to have a baby. Dewaere, a tousle-haired schoolteacher, is the man Depardieu picks up in a café and asks to make love to his wife. Dewaere hums and haws for a while, and then agrees. A triangle forms; then (Michel Serault of *La Cage Aux* a middle-aged neighbour *Folles*) is brought in to make things quadrilateral, then a 13-year-old boy pops who appeals to Mlle Laure's maternal — and other —instincts and makes a pentagon. And lo! Mlle Laure smiles, stops having fainting fits and depressions, an dstarts having a baby.

There is much nipping in and out of bed, a weavy, wandering plot, and the eternal cerebating chatter of French movies about everything from Mozart to masturbation. At the heart of the film—or rather at the groin—is the teasy, titillating catatonia of Mlle Laure, a surefire aphrodisiac to all or most males in the audience who would gladly, doubtless, leave their seats and clamber into the screen to help out. (Blier did the same trick in *Les Valseuses*, where a terminally passive Isabelle Huppert lay supine for the two heroes carnal delectation). *Get Out Your Hankerchiefs* purports to be about the "mysterious workings of the female mind, but it's more about the familiar workings of male domination fantasy, pushing that commodity archly and eerily towards near-necrophilia. Don't take a handkerchief, take a large dose of scepticism.

Rufus Excalibur ffolkes, alias Rober Moore, tends cats, drinks whisky straight from the botile and has been sewing away for 17 years on the needle-point representation of a kitten. In his spare time he saves North Sea oil rigs from destruction by terrorists. When Mr. ffolkes is honoured by Britain's Prime Minister at the end of *North Sea Hijack*, he gets not a medal but three kittens called Father, Ruth and Jennifer. They're the names of the three seagoing behemoths, one ship and two rigs, he has just saved from Anthony Perkins and a fate worse than nationalisation.

This tinpot maritime cliff-hanger is directed by Andrew (*The Wild Geese*) McLaglen and surely-to-goodness it will put the kybosh on any notion that North Sea oil-drilling is a ready-made hive of adventure-movie possibilities. Most of the action is studio-bound rather than Shetland-bound, as Perkins and his hijacking merry men hole up in a kidnapped supply ship, holding it and its crew hostage—plus two nearby oil rigs, both limpet-mined—for a £25m ransom. Will British PM Faith Brook, an advance-model Thatcher with grey hair and tight smile, pay up the money or put down the insurgents? Moore buffs and puffs and skin-dives as R. E. ffolkes; James Mason purrs dyspeptically as Admiral of the Fleet; and Perkins looked far happier when running his sandwich-and-short-sharp-shower business at the Bates Motel.

Silver Dream Racer is a film that has one foot in Britain and one foot in America, conveying an awesome painful sense of doing the transatlantic splits. David Essex co-stars with U.S luminaries Beau Bridges and Cristina Raines in this tale-for-all-markets of a motor-cycling amateur (Essex) who thinks he can make good at Silverstone and has his dead brother's new-fangled wonder-cycle — the "Silver Dream"—on which to prove it. But can he raise the money to train and enter?

The problem is, he can't raise our interest. David Wickes wrote and directed this less-than-electrifying story, filling out a plain-Jane plot with so much up-and-at-'em stylistie hype that it's like watching an episode of *Crossroads* directed by Busby Berkeley. American slang zings and zags across the London streets, the camera dips and dives and soars, and the music in the Silverstone climax practically bursts to turn into Richard Strauss's Zarathustra theme(by way of *2001*). It's all mutton voluminously over-dressed as lamb, and David Essex looks as is he doesn't quite know what hit him after leaving the simpler life of *Erita's* Che Guevara.

Which brings us to Santiago Alvarez, Cuban documentarist enthroned for 10 days at the National Film Theatre. Senor Alvarez is a wizard with the cutting-scissors, a superman with sound and a perky propagandist. You may not, of course, share his belief that the Cuban revolution is God's greatest gift to civilisation since the birth of K. Marx. But if you do—or if you want to hear him out—this tribute lasts from April 1 to April 10.

Don't, however, bother—whoever you are—with *Animalympics*. The idea is piquant—a non-human Olympic games featuring pole-vaulting alligators, bobsleighing squids and other such—but the feature-length cartoon treatment is elephantine. Steve Lisberger conceived, wrote and directed, and that noise you hear is the ghost of Walt Disney clanking his chains.

Roger Moore in North Sea Hijack.

Wigmore Hall

Hagegard's Winterreise

by DOMINIC GILL

The young Swedish baritone Hakan Hagegard has been admired in this country in this country in various Glyndebourne roles since 1974—and, more widely, as the Papageno of Ingmar Bergman's film of *The Magic Flute*. He made his London recital debut last year; on Wednesday evening he returned not merely with another programme of songs, but to a far greater challenge, the very summit of the Lieder repertory, Schubert's *Winterreise*.

The voice is exceptionally well schooled; a warmly coloured, fine-grained instrument, clean and well modulated; the manner is courteous, cultivated; Mr. Hagegard is never less than a pleasure to hear. Yet the voice is richer in genial timbres than in subtle inflection. A little way below its polished exterior there is something frozen, unyielding: there is warmth to the immediate sound, but little depth to the tone, or to the focus of the delivery. Mr. Hagegard gave *Winterreise* bravely, and far more than just adequately: but almost as if Papageno himself had been brought to the stage by some spell to sing Schubert's greatest tragic creation, he barely touched on the torrent under the surface of the notes.

It was a *Winterreise* delivered to a formula: made up of fine and beautifully modulated ingredients to be sure, but a formula nonetheless. As the cycle progressed, the treatment became steadily more predictable: the next strophe would be delivered in that attractive, full-rounded tone used for all such strophes; the next pianissimo would surely, and surely was, delivered just like the rest. Mr. Hagegard's application of such interchangeable, all-purpose Lieder manners equally to every song meant that many of the natural lines of tension and relaxation of were weakened and lost. For all that his delivery betrayed, "Der greise Kopf"—the cycle's very darkest hour—could have been about anything at all but despair. His mix-up of the words of "Frühlingstraum," or rather the listener's reaction to it, was significant: it didn't matter *nearly enough* that the words were wrong.

The pianist, Thomas Schuback, matched his singer's manner with disconcerting exactness. The playing was good, sometimes very good, but literal and unmysterious to a degree. Occasionally, as in "Wasserflut," a neutral accompaniment was an advantage. More often, it merely reinforced the lack of nuance and quick, perceptive poetry of the whole. The marvellous slow trills of "Im Dorfe"—that can be so magical and evocative—were rolled out as bland, blank and uninflected as two sticks on a bone.

LOMBARD

Running for the EEC presidency

BY MARGARET VAN HATTEM

FINN OLAV Gundelach's hat is in the ring. The Danish Government has finally decided to support the EEC farm commissioner as its candidate for presidency of the European Commission when Mr. Roy Jenkins' term expires at the end of this year.

This puts Mr. Gundelach in the front running for the job. *But it is still early in the race.* and he will have to overcome a lot of doubts both among EEC heads of government and within the Commission, if he is to get it.

Hidden Talents

Not everyone would want it, though Mr. Gundelach evidently does. It is an unrewarding position and the widespread doubt as to its value is nicely summed up in his present dilemma. He has got to convince men like Chancellor Helmut Schmidt and President Giscard d'Estaing that he is not just the capable but malleable bureaucrat he appears, and that he has hidden talents as a politician. At the same time, he must no look too strong or clever. EEC heads of government have got used to running the show and like the Commission to know its place.

Proving himself as a skilful political manipulator may not be easy and his past record will not help him. He has been outmanoeuvred too many times, notably at last year's farm price review when farm ministers threw out all his carefully drawn proposals, leaving him to stamp and fume.

Again, his handling of the Anglo-French lamb dispute has been less than masterful. With the British righteously demanding that the French be taken to court a second time over their illegal restrictions on lamb imports, and the French playing up their domestic political difficulties and demanding concessions, the Commission dithered and dithered and tried to satisfy both.

It ended up by pleasing no one. By agreeing, reluctantly, to go back to the court it undermined the standing of the first ruling. By delaying its application for an interim injunction against the French, it weakened any justification the first move might have had. And by proposing to buy off both the French and the British with a £20m package of subsidies, it conceded that disobedience pays.

This year's farm price review may be Mr. Gundelach's last chance to prove himself as a politician but already it looks as though he may fluff it. He has started bravely enough. *Having said* in unequivocal terms that the proposed 84 per cent tax on excess milk is not negotiable, he has threatened to withdraw his price proposals and force a freeze if farm ministers behave like farm ministers and reject it. But if, as in every past year, the ministers seize the reins and agree a higher price rise together with a travesty of Mr. Gundelach's proposals to curb surplus farm output, it will be a failure for him personally as well as for the Community. Farm ministers have already indicated that this result is precisely what they have in mind. The European Parliament, which last year appeared eager to support the Commission on this issue, is plainly swinging away from it.

And what is Mr. Gundelach doing about all this? Well, he is making a lot of sensible, balanced speeches and even some impassioned warnings about the folly of letting the surpluses run riot. But he has cried wolf so many times that no one is listening any more.

Rare Courage

What more can he do? He could, perhaps, pre-empt the farm ministers by withdrawing his price proposals prematurely, implying a price freeze, until they commit themselves to accepting the essence of his proposals to cut back surpluses. But this would require a degree of courage rare in any European commissioner.

As farm commissioner Mr. Gundelach is in the hot seat. His performance over the next few months is likely to be much more in the public eye than that of any of the other men tipped as likely candidates.

However, the cards are stacked against him. He is unlikely to get the job unless he is uncharacteristically tough—and if he is, he may not get it either.

Cathedral and close

AROUND BRITAIN

DURHAM

ITS MEDIEVAL core perched loftily on rock, surrounded by a horseshoe loop of the River Wear, the city of Durham is scarcely typical of the industrial towns of England's North-East. Few miners live there, and apart from a Saturday morning inflow of shoppers and the annual miners' gala, the town has little contact with the pit life for which its hinterland is famous.

Today, 876 years after the foundations were laid of the present Cathedral and 148 years since the opening of the university, Durham is most widely known as a centre for scholarship, worship and ceremony — and in connection with each is worth a stop on the tourist run to Northumbria and the Borders.

While other towns of similar size in the country are suffering from the decline of the coal and steel industries — Consett, for example, is about to fall victim to British Steel's rationalisation programme — Durham city has managed to cut adrift from its surrounding economy. Instead, it has cashed in on its *traditions and on an ability to* attract small, clean industries to an area in which the quality of life remains high.

It was in 1104, when the much-travelled bones of St. Cuthbert were finally placed in a permanent tomb, that the city began its original career as a place of pilgrimage. Cuthbert, a former monk from Lindisfarne, was held to be the greatest saint of the North Country, and right up until the Reformation, Becket-like, he pulled in the crowds.

At the same time, the local Bishop was for many years something more than branch manager for the Church. The Prince Bishop of the Palatine of Durham spent as much time in helping the incursive Scots shuffle off their mortal coils as in saving the immortal souls of his flock. Thus, perhaps, Sir Walter Scott's much quoted description of the Cathedral: "Half Church of God, half castle 'gainst the Scot."

For centuries, there had been *a hope in the city that* a university might be placed there—one not realised, however, until 1832. Durham University, the third oldest in England after Oxford and Cambridge, today sustains the life of its urban host with a steady inflow of cash and students.

Mr. Ian Graham, the university's long-serving registrar, reckons that higher education was worth at least £16.5m to Durham last year—the various departments spent £11m, the colleges £½m and the students some £5m. During term time, more than a quarter of the city's population of 25,000 is made up of the staff and students, and more than 1,000 of the townspeople work for the university and its colleges—making it the second largest employer in the district.

The phrase "groves of academe" acquires a literal meaning in Durham as the forests which surround much of the city are owned and maintained by the university. In the *centre, many of the city's fine* Georgian and Victorian buildings are owned in their turn by university departments, and the 14 residential colleges and their annexes occupy prime sites, providing varied architectural contrasts to the set-piece splendours of the Norman acropolis.

Durham, though, is more than the university and the Cathedral. Industry has been rooted there for hundreds of years, and a new (non-religious) clerical tradition has recently been started by the National Savings Movement, which moved its national headquarters to the city in 1968 and currently has a 2,300-strong workforce. Naturally, a number of the SAYE workers began their careers in London, but as time goes on more and more are locally recruited. The newcomers have apparently settled in well, bringing new blood to the city on a permanent basis to offset the three-year transfusions fromthe university.

Hugh Mackay's carpet factory, nestling down by the river, a businessman's jog from the Market Place, is the epitome of the British family firm. However, the carpet industry has been going through a tough time, and according to Mr. Max Pullen, company secretary, lay-offs within the 600-strong workforce are being considered. But the hope is that the company's long-term future has already been secured by a previous policy of expansion—which in 1978 saw the opening of a European sales operation in Hamburg and which has seen inroads made into the North American market.

Another long-established company in the City is Harrison and Harrison, organ builders, founded in Rochdale but situated in Durham since 1872. Harrisons has advertised in Crockfords for geenrations and now looks after the organs of many of Britain's greatest *cathedrals. In recent years, the* 51 craftsmen employed have been engaged in overseas work as well—including major contracts for Japan and Sweden—but times are hard and last year a small loss was recorded.

Elsewhere in the city, a group of small industrial estates has grown up, with factories turning out goods from foodstuffs and sliding doors to televisions and woven fabrics. As might be expected, not all the companies are thriving in present conditions, but the picture is not of unrelieved gloom

Mr. Michael Wright, assistant director of the CBI's Northern Region, is not exactly optimistic about the future of Durham as an industrial centre, but points out that with its excellent road and rail links and civilised ambience, the city is likely to survive more easily than some of its neighbours.

"Durham has some unique characteristics," he says. "It shares the same basic problems as the rest of the North East but is better placed then many to resolve them. There's scope for development and a growing tradition of industrial skills."

Walter Ellis

Hurdlers clash at Cheltenham

RACING

BY DOMINIC WIGAN

SEVERAL OF the season's leading four year old hurdlers who clashed in the Daily Express Triumph Hurdle at Cheltenham earlier this month, renew rivalry this afternoon in the Kennedy Asphalt Hurdle.

Although the runnerup, third and fifth at Cheltenham—Batista, Hill of Slane and Mister Niall—should all go well again, the two I like best are Batchacre Hall and Starfen.

It is difficult to find an explanation for Batchacre Hall's performance in the Triumph Hurdle when he looked so impressive against Hill of Slane and held a sound chance two flights from home. However, he lacked final effort and trailed home a remote sixth—12 lengths behind third placed Hill of Slane. It may be that he was just short of peak fitness at that time, having missed a clash with Torenga at Leopardstown due to lameness.

Starfen, a runaway winner at Sedgefield on Boxing Day would undoubtedly have taken a hand in the Triumph Hurdle had he not come down at the last.

In a race which is probably far more open than the betting may suggest, Batchacre Hall is just preferred to Starfen with whom Jonjo O'Neill renews his association.

Thirty-five minutes before the four-year hurdler's clash some smart two-mile 'chasers compete in the Sean Graham Trophy. Here I believe the Irish may again be on the mark through Seventh Son ridden by Tommy Carberry — arguably the shrewdest tactical jockey now riding.

A ten lengths winner at Leopardstown in February, Seventh Son made an uncharacteristic mistake in the Cheltenham Grand Annual 'Chase which put him out at the second fence. However, a day later he made up for that inept display when separating Snowshill Sailor and Polar Prince in the Mildmay of Flete Challenge Cup.

AINTREE

2.00—Crozurry.
2.35—Principality
3.10—Jack Madness
3.45—Seventh Son*
4.20—Batchacre Hall**
4.50—Arctic Ander

STOCKTON

1.45—Longridge
3.45—Bohemian Rhapsody***

TV Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Mister Men. 2.02 For *Schools, Colleges. 3.20 Pobol Y* Cwm. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 am). 4.20 Roobarb and Secret Squirrel. 4.30 Jackanory. 4.45 Tarzan, Lord of the Jungle. 5.10 Fabulous Animals. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Young Maverick.
7.50 Butterflies.
8.20 Francis Durbridge.
8.50 Points of View.
9.00 News.
9.25 The Eddie Capra Mysteries.
10.15 The Fall and Rise of Reginald Perrin (London and South-East only).
10.45 Regional, National News.
†10.50 The Late Film: "Night Of The Iguana," starring Richard Burton and Ava Gardner.

All Regions as BBC 1 except as follows:—

Cymru/Wales — 1.45-2.00 pm Cwmticili. ... 5.10-5.40 God's Wonderful Railway. 5.55-6.20 Heddiw. 7.20-7.50 Pobol Y Cwm. 10.15 Week In Week Out. 11.05 News for Wales. 11.06-12.23 am The Late Film: "The Pit And The Pendulum," starring Vincent Price.

Scotland—11.00-11.20 am For Schools (Around Scotland). 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 Spectrum. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Gallery: Three Young Artists. 10.45-10.50 Regional, National News. 12.50 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 10.15-10.45 East (Norwich) The Broads Connection; Midlands (Birmingham) An Englishman's Home; North (Leeds) Close-up North; North-East (Newcastle) Coast to Coast; North-West (Manchester) Home Ground; South (Southampton) Bioscope Days; South-West (Plymouth) Newswatch; West (Bristol) The Producers.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.20 pm Racing from Aintree.
4.50 Open University.
6.55 Gardeners' World.
7.20 Mid-evening News.
7.30 Five to One with Jill Cooper.
8.00 The One-armed Bandit Murder.
8.30 Vikings!
9.00 Pot Black '80.
9.45 Golf.
10.35 Thérèse Raquin.
11.30 Late News.
†11.45 The Outer Limits.

LONDON

9.30 am Schools Programmes. 11.55 Cartoon Time. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 The Television Programme. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 Friday Matinee: "Mister Jerico." 4.15 The Tomorrow People. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 The Muppet Show.
7.30 Play Your Cards Right.
8.00 Hawaii Five-O.
9.30 Fully Licensed For Singing And Dancing.
10.00 News.
10.30 Soap.
11.00 The London Programme.
11.45 Pro-Celebrity Snooker.
12.30 am Close: Personal choice with Ray Smith.

All IBA Regions as London except at the following times:—.

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 Some Enchanted Evening. 5.15 Happy Days. 6.00 About Anglia. 10.30 Seven Days. 11.00 Friday Late Film: Columbo. 12.45 am Your Music at Night.

ATV

12.30 pm Out of Town. 1.20 ATV Newsdesk. 2.45 Movie Matinee: "The Hour of 13." 6.00 ATV Today. 10.30 Soap. 11.00 ATV Newsdesk. 11.05 *Murder at the Movies: "The Lonely Profession."*

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 Some Enchanted Evening. 5.15 The Flintstones. 6.00 Lookaround Friday. 6.30 Thingummyjig. 10.30 Triangle. 11.00 Friday Night Movie: "Fear In The Night." 12.35 am Border News.

CHANNEL

1.20 pm Channel News. 2.45 Friday Matinee: "Dead Man On The Run." 6.00 Report. 6.35 The Adventure World of Sir Edmund Hilary. 8.00 Father Dear Father. 8.30 Incredible Hulk. 10.28 Channel News. 10.32 Jack Duff and Friends. 10.55 Movie Premiere: "The Scorpio Letters." 12.40 am News in French.

GRAMPIAN

1.20 pm North News. †2.45 Friday Matinee: "The Amorous Prawn." 6.00 North Tonight. 6.35 Sportscall. 8.00 The Entertainers. 8.30 Vegas. 10.30 Reflections. 10.35 Late Night Horror: "Circus Of Horrors." 12.20 am North Headlines and Ski Report.

GRANADA

†11.50 Stamp Stories. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 The Television Programme. 1.20 pm Granada Reports. 2.00 Live From Two. 2.50 Friday Matinee: "Emily, Emily." 5.10 This Is Your Right. 5.15 Crossroads. 5.45 News. 6.00 Granada Reports. 6.30 Kick Off. 8.00 Duel. 10.30 Double Vision. 11.15 Soap. 11.45 House of Horrors: "The Blood Beast Terror."

HTV

1.20 pm Report West Headlines. 2.45 Friday Matinee: "Shell Game." 5.15 Dangerous Dan McFoo. 5.20 Crossroads. 6.00 Report West. 6.30 The Muppet Show. 7.00 Emmerdale Farm. 8.00 You're Only Young Twice. 8.30 A Man Called Sloane. 10.35 Report Extra. 11.05 Friday Film: "The Black Torment."

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.31-10.46 am About Wales. 10.48-11.08 Am Gymru. 12.00-12.10 pm Mistar Clai. 1.20-1.25 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur a Champ. 6.00-6.15 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 *Electric Theatre Show.*

SCOTTISH

1.20 pm News, Road and Weather. 2.45 Friday Matinee: "Just Like A Woman." 5.15 Spring Song. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.00 You're Only Young Twice. 8.30 Thingummyjig. 9.30 Love Thy Neighbour. 10.30 Ways and Means. 11.00 Late Call. 11.05 Late Night Movie: "Devils Of Darkness."

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 Some Enchanted Evening. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.00 Scene South-East (South-East area only). 6.30 Out of Town. 8.00 Rowan Atkinson *Presents. 8.30 Streets of San Francisco.* 10.30 Southern News Extra. 10.35 Southern Report. 11.05 Soap. 11.35 The Late, Late Show: "When Joseph Returns."

TYNE TEES

9.20 am The Good Word, followed by North-East News. 1.20 pm North-East News and Lookaround. 2.45 Friday Matinee: "The Million Pound Note." 5.15 Laverne and Shirley. 6.00 Northern Life with Sportstime. 10.30 North-East News. 10.35 Late Movie: "Yellow Dog."

ULSTER

1.20 pm Lunchtime. †2.45 Matinee: "Bonnie Scotland." 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 8.00 Police Story. 10.29 Ulster Weather. 10.30 Sportscast. 11.00 Witness. 11.05 Film: "Miles To Go Before I Sleep." 12.25 am Bedtime.

WESTWARD

1.20 pm Westward News. 2.45 Matinee: "Dead Men On The Run." 4.12 Gus Honeybun's Birthdays. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.50 Just the Job. 8.00 Father Dear Father. 8.30 The Incredible Hulk. 10.32 Westward News. 10.36 Sportsline. 10.55 TV Movie Premiere: "The Scorpio Letters." 12.40 am Faith for Life. 12.45 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. †2.45 Film Matinee: "Grand National Night." 5.15 Mork and Mindy. 6.00 Calendar. 6.35 Calendar Sport. 8.00 Hawaii Five-O. 11.00 Film: "Who Slew Auntie Roo?"

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London:
1458kHz, 206m & 94.9vhf

Capital Radio:
1548kHz 194m & 95.8vhf

London Broadcasting:
1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Jaye Cooper. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing from Aintree. 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). 8.02 Sequence Times at the Radio 2 Ballroom (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 Marks in His Diary. 10.30 Dorita presents Sounds of Latin America. 11.02 Brian Mathew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Saint-Saens (S). 10.00 Aeolian String Quartet Concert, part 1 (S). 10.20 Interval Reading. 10.25 Concert, part 2. 11.15 Young Artists Recital (S). 12.05 pm Cardiff Midday Prom, part 1 (S). 1.00 News. 1.05 Collecting in Calcutta. 1.20 Midday Prom, part 2 (S). 2.10 The Arts Worldwide. 2.30 Now and Then (S). 3.35 Choral Music from the USA (S). 4.10 London Studio Strings (S). 4.55 News. 5.00 Mainly For Pleasure (S) (‡ and mono only from 6.20). 7.00 Milhaud (S). 7.10 One Pair of Ears. 7.25 Play It Again (S). 7.30 Mozart Concert, part 1 (S). 7.55 What Is Post-Impressionism? (talk by Dr. Barrie Bullen). 8.15 Mozart, part 2 (S). 9.20 The Vision of Piers the Ploughman (S). 9.50 Vaughan Williams (S). 10.25 D. H. Lawrence 50 Years Late. 10.50 Music In Our Time (S). 11.55-12.00 News.

VHF only—6.00-7.00 am and 6.20-7.00 pm Open University.

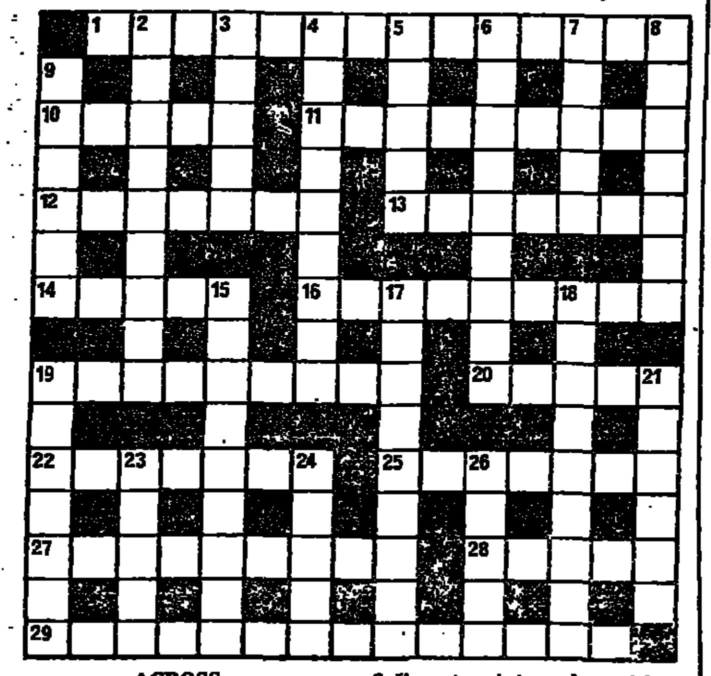
RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 Enquire Within. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 The Day the Dinosaurs Died. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather: programme news. 1.00 The World at *One. 1.40 The Archers. 1.55 Shipping* Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.10 Goatscape (a look at goats). 4.40 Preview. 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather: programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 *News.*

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 John Togood's Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

F.T. CROSSWORD PUZZLE No. 4,237



ACROSS

1 Rise to watch television and reflect what the driver should be watching (4-4-6)
10 Improve notice about people (5)
11 Supreme standard a horse must follow (9)
12 Woman of priggish modesty with book is discreet (7)
13 Read the converted temperature (3-4)
14 Pamphlet shows motoring organisation in race (5)
16 Biblical banker with small coins. Right? (9)
19 Last offer for something fundamental (9).
20 Efface part of a letter as explained (5)
22 Small type of stone (7)
25 Cause to mistake nuts around land surrounded by water (7)
27 Patience, a lasting quality (9)
28 Article to part-time soldiers in letter from abroad (5).
29 Whereon to sleep and sprout dull hair (6-8)

DOWN

2 Next, a cute arrangement from technically accomplished musician (9)
3 Travel round top of geographical crest (5)
4 I initially make person in hospital restless (9)
5 Telegraph direction for electrician (5)
6 I'm to intercede without delay (9)
7 Upset rogue making make-up (5)
8 Turner putting rubbish on a hill (7)
9 Hit favourite projection (6)
15 Dance with a disorderly mob in Turin (9)
17 Spiteful woman embracing member for cheese (9)
18 Solemnity from accent on loch (9)
19 Strip off ordinary uniform (7)
21 Arouse affection and finish listener (6)
23 Reptile seen in summer (5)
24 Fabric contained in hidden import (5)
26 Suiter I abandon for a cobbler (5)

SOLUTION TO PUZZLE No. 4,236

I	N	N	O	W	I	S	E		S	C	O	R	E	D
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ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. CC. 240 5258. Reservations 836 3161. Evgs. 7.30. Mat. Sats. 2.30. LONDON FESTIVAL BALLET. Tonight & Tomor.: The Sleeping Beauty. Ton't Terabust/Bart.

COVENT GARDEN. CC. S. 2401066. (Gardencharge credit cards 836 6903.) THE ROYAL BALLET Ton't. & Wed. 7.30: The Four Seasons/Gloria/The Concert. THE ROYAL OPERA Tomor. & Tue. 7.30: Lucrezia Borgia. Mon. & Thu. 7.30: The Rake's Progress. 65 Amphi. seats avail. for all perfs. from 10.00 am on day of perf. (except Proms.).

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. CC. 837 3856 BALLET RAMBERT. Last 2 perfs Ton't. Tomor 7.30: Sidewalk. Smiling Immortal. Ziggurat.

THEATRES

ADELPHI. CC. S. 01-836 7611. Evgs. at 7.30. Sat. 4.0 and 7.45. Mats. Thurs. 3.0. One perf. Good Fri. 7.30. TONY BRITTON, PETER BAYLISS & ANNA NEAGLE in THE WORLD'S GREATEST MUSICAL MY FAIR LADY. Good seats avail. for most perfs. Now booking up to Oct. 1980. Credit Card Hotline 01-836 7358. Liz Robertson returns from holiday on Mon., March 31.

ALBERY. S. From 9 am 01-836 3878. CC. 379 6595. Group Bkgs. 836 3962. *Evs. 7.45. Mat. Thur. & Sat. 4.00* OLIVER GEORGE LAYTON, HELEN SHAPIRO. CHILD FREE with each ADULT valid 16 years/or under at time of purchase.

ALDWYCH. S. CC. 836 6404. Info 836 5332. ROYAL SHAKESPEARE COMPANY. THE GREEKS final performances. Eves 7.30, Fri. 6.00. Sat complete trilogy. Ton't Pt 2 THE MURDERS (sold out); Tomor Pt 3 THE GODS (sold out). RSC also at The Warehouse and at Piccadilly Theatre. Postal booking now open for new London season. Personal booking opens Wed. TWELFTH NIGHT, THE MERRY WIVES OF WINDSOR, THE LIFE AND ADVENTURES OF NICHOLAS NICKLEBY.

AMBASSADORS. S. CC. 01-836 1171. Mon.-Fri. 8.00. Saturday 5.00 & 8.00 EMLYN WILLIAMS as Dylan Thomas GROWING UP. Final week of season.

APOLLO THEATRE. *CC. S. 01-437 2663.* Parties 01-379 6061. The highly acclaimed production BEFORE THE PARTY transfers from The Queen's April 21. See Queen's for perfs.

ARTS THEATRE. 01-836 2132. Tom Stoppard's Dirty Linen. Mon.-Thurs. 8.30. Fri. & Sat. 7.00 & 9.15. NOW IN ITS FOURTH YEAR. Lowest-priced best seats in London. Plus 15p temp-member. Special terms for parties.

ASTORIA. CC. S. 01-734 4291. 01-439 8031. 01-734 4369. Mon. to Thurs. 8.00. Fri. and Sat. 6.10 and 8.50 IPI TOMBI. 5th GREAT YEAR. Lowest Priced Musical in the West End. Seats £2 £3, £4, £5. Reduced rate Group Bookings 01-839 3092 (special offers). Easter Holiday perfs. Good Fri. 6.10 and 8.50. Easter Mon. 8 pm.

BOULEVARD TH. at the Raymond Revuebar Walker's Court, Brewer Street. CC. *Tel. 01-437 2661.* PAUL RAYMOND PRESENTS America's Sex Queen Live on Stage. MARILYN CHAMBERS. Must end April 5 prior to American tour. Twice nightly Mon.-Sat. 8.0 and 10 pm.

CAMBRIDGE. 01-836 6056. Credit cards accepted. 01-836 7040. Mon. to Fri. 8.00 Thurs. 3.00. Sat. 5.00 & 8.30. THE HIT BROADWAY MUSICAL. VOTED BEST MUSICAL OF THE YEAR CHICAGO ELIZABETH SEAL. JENNY LOGAN. COLIN BENNETT. DON FELLOWS. HOPE JACKMAN. G. LYONS. Reduced price for parties. 379 6061. 836 6056. Student Nurses. OAPs Standby £1.50. Good Fri. & Easter Mon. at 8.0.

COCHRANE TH. CHARLIE DRAKE in UBU by Spike Milligan. Directed by Charles Marowitz. Mon-Fri 8. Sat 5 & 8.30. Bkgs 242 7040. Half-price prevs Ton't & Tomor. Opens Mon at 7.

COMEDY THEATRE. CC. 930 2578. Mon.-Sat. 9.00. Mat. Fri. and Sat. 6.30. THE ROCKY HORROR SHOW. Group Sales Box Office 01-379 6061.

CRITERION. 930 3216. CC. Bookings 379 6565. Group bkgs. 836 3962. Evgs. 8.00. Sats. 6.30 and 9.30. Thurs. Mat. 3.00. PRICES MON-THUR £2. £3. £4. NEIL SIMON'S COMEDY LAST OF THE RED HOT LOVERS.

DUCHESS TH. S. CC. 01-836 8243. Red. price Prevs. 15 Apr. Opens 16 Apr. MARIA AITKEN. MICHAEL JAYSTON in Noel Coward's PRIVATE LIVES.

DUKE OF YORK'S. CC 836 5122. GLENDA JACKSON ROSE A new play by Andrew Davies. Evgs. 8.00. Mats. Wed. 3.00. Sats. 5.00.

FORTUNE. S. CC. 01-836 2238. Opens Thursday 7.0. Subs. 7.30. Wed. 3.30. Sat. 4.30 & 8.00. DR FAUSTUS cast includes JAMES AUBREY and PATRICK MAGEE. Mon. to Thurs. & Sat. Mats. £4, £3, £2.50. Fri. & Sat. £5. £4 £3.

GARRICK. CC. 01-836 4601. Evgs. 8.00 (sharp). Fri. and Sat. 5.30 and 8.30. Gareth Hunt in DEATHTRAP.

GLOBE THEATRE. S. CC. 01-437 1592. Group sales 379 6061. Evgs. 8.00. Mat. Wed. 3.00. Sat. 5.00 and 8.15. Beryl Reid, Barry Foster, Peter Bowles, Ian Waters in a new play by Peter Nichols BORNE IN THE GARDENS. Directed by Clifford Williams.

GREENWICH THEATRE. S. CC. 858 7755. Evenings 8.00. Mats. Sat. 2.30 PRIVATE LIVES by Noel Coward. MARIA AITKEN, MICHAEL JAYSTON.

HAYMARKET THEATRE. CC. 01-930 9832. Evgs. 8.00. Mat. Wed. 2.30, Sat. 4.30 and 8.00. DOROTHY TUTIN, DONALD PLEASANCE REFLECTIONS. A new play by John Peacock.

HER MAJESTY'S THEATRE. 01-930 6606. Keith Michel, Julia McKenzie, Mark Wynter, Ann Beach in the Award Winning Broadway Musical ON THE 20th CENTURY. Evgs. 8.00. Matinees Weds. 3, Sats. 4. Good Friday one special perf. at 8.00.

KING'S HEAD. 01-226 1916. Dnrs. 7. Show 8.00. CATCHPENNY TWIST by Stewart Parker.

LYRIC HAMMERSMITH. 01-741 2311. West End Box Office 836 4207. Eves 7.30. Thur Mat 2.30, Sats 5 & 8.15. MAKE AND BREAK by Michael Frayn. Cast includes Leonard Rossiter & Prunella Scales. LYRIC STUDIO: Eves & Sats 8.30 FOCO NOVO Woyzeck by George Büchner. Director Neil Johnston, cast includes Karl Johnson & Gwyneth Strong. Late Night Show: THE HAPPY HOUR Jonathan Adams & *his orchestra.* Ton't 10.15, Tomor 10.45.

LYRIC THEATRE. CC. 01-437 3686. Group Sales 379 6061. Evgs. 8. Wed. 3., Sat. 5 and 8. Good Fri. perf. at 8. RICHARD BRIERS PAUL EDDINGTON in MIDDLE AGE SPREAD. COMEDY OF THE YEAR. WEST END THEATRE AWARDS.

MAY FAIR. S. CC. 01-629 3036. Mon.-Thur. 8. Fri., Sat. 6, 8.45. SUSANNAH YORK, DANIEL MASSEY, DONALD PICKERING, FRANCIS WHITE in APPEARANCES by Simon Bermange, after Henry James.

THEATRES

NATIONAL THEATRE 'S' CC 928 2252. OLIVER (open stage): Ton't, Tomor 7.30 OTHELLO by Shakespeare. LYTTELTON (proscenium stage): Ton't perf cancelled Tomor 3.00 & 7.45 DEATH OF A SALESMAN by Arthur Miller (Note: not Thee & Me as originally scheduled). COTTESLOE (small auditorium—all tkts £3. Student Standby £1.20): Mon to Sat 5.30 THE ICEMAN COMETH Eugene O'Neill's epic masterpiece (lasts 5 hrs incl 30 min food break). Excellent cheap seats from 10 am day of perf all 3 theatres. Car park. Restaurant 928 2033 Credit card bkgs 928 3052.

OLD VIC. 928 7616. Nimrod Theatre of Australia THE CLUB by David Williamson "Blissfully funny." The Times. Until April 12. Evgs. 7.30. Sat. Mat. 2.30.

PALACE. CC. 01-437 6834. Mon.-Thurs. 8.00. Fri., Sat. 6.00 and 8.40. JESUS CHRIST SUPERSTAR. Group sales 01-379 6061. LAST FIVE MONTHS. 2 perfs. Good Fri. 6.00 and 8.40.

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in RODGERS & HAMMERSTEIN'S THE KING AND I also starring VIRGINIA McKENNA. HOTLINE 01-437 2055. Evenings 7.30. Mats. Wed. and Sat. 2.45. Special perf. Good Fri. 7.30. Patrons please note mat. perfs. commence 2.15 from April 2.

PHOENIX THEATRE. CC. S. 01-836 2294. OPENING APRIL 10 at 7.0. The new romantic stage musical THE UMBRELLAS OF CHERBOURG. HALF-PRICE PREVIEWS FROM APRIL 1. Group Sales Box Office 01-379 6061.

PICCADILLY from 9 am 437 4506 CC bkgs 379 6565. Grp bkgs 836 3962. Royal Shakespeare Company in two smash-hit productions: Pam Gems' adult play PIAF. (Ton't 7.30 (sold out), Tomor 4.00 & 8.00. Mon 7.30. Tues 4.00 & 7.30). With Jane Lapotaire winner of 3 awards; and Hart and Kaufman's award-winning comedy ONCE IN A LIFETIME (Wed 7.30. Thurs 2.30 & 7.30. Sat 4.00 & 8.00) PIAF plays Fri thro' Tues alt wks, all other perfs LIFETIME. RSC also at Aldwych & Warehouse Theatres.

PRINCE EDWARD. CC. 01-437 6877. Evgs. 8.00. Mat. Thurs. & Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd Webber. Directed by Harold Prince. Group sales Box Office 379 6061.

PRINCE OF WALES THEATRE. 930 8681. Credit card bookings 930 0846. An Evening with TOMMY STEELE and his Company. Evgs. Mon.-Thur. 8.30. Fri. Closed for Holidays March 31 to April 5. Reopens Monday April 7.

QUEEN'S. S. CC. 01-734 1166. Parties 01-379 6061. Mon.-Fri. 8.00. Wed. 3.00 Sat. 5.00, 8.15 (incl. East wk.). JANE ASHER, MICHAEL GOUGH, PHYLLIS CALVERT in BEFORE THE PARY by Rodney Ackland. Story by W. Somerset Maugham. Directed by TOM CONTI. "Beautiful performances." FT.

RAYMOND REVUEBAR. CC. 01-734 1593 At 7.00, 9.00, 11.00 pm. Opens Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. New Acts. New Girls. New Thrills. 23rd sensational year. Fully air-conditioned.

ROUND HOUSE. 01-267 2564. OPENS APRIL 7th. ONLY IN AMERICA. Devised by Ned Sherrin on songs of Leiber & Stoller.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. LAUGH, I SHOULD HAVE CRIED BY CHRISTOPHER SMITH. THE ARBOR BY ANDREA DUNBAR. (The 1980 Young Writers Festival.) Last Two Perfs. Ton't. & Tomor. 8.00.
ROYAL COURT. S. CC. 730 1745. Evgs 7.30. Opens April 2 at 7 HAMLET by William Shakespeare with Jonathan Pryce at Hamlet. Jill Bennett as Gertrude.

ST. MARTIN'S. CC. 836 1443. Evgs. 8. Matinee Tues. at 2.45. Sats. at 5 & 8. Agatha Christie's THE MOUSETRAP. World's longest-ever Run. 28th Year. Two shows Apr. 4. Gd Fri. at 5 & 8.

SAVOY THEATRE. 01-836 8888. CC. 836 8118. (Mon.-Fri. 10-6). LESLIE PHILLIPS, JUNE WHITFIELD, SYLVIA SYMS and ANDREW SACHS NOT NOW DARLING. Mon.-Thurs. 8.00. Fri. and Sat. 5.45 and 8.45. Reduced price mats. on Friday. Group bookings 01-839 3092.

STRAND. 01-836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.30 and 8.30. LONGEST-RUNNING COMEDY IN THE WORLD. NO SEX PLEASE—WE'RE *BRITISH. Directed by* Allan Davis. Credit cards 01-836 4143. Group sales Box Office 01-379 6061. Good Friday Perf. 8 pm.

VAUDEVILLE. S. CC. 01-836 9988. Grp. sales 379 6061. Evgs. 8. Sat. 5.30 and 8.30. Wed. Mat. 2.45. IAN OGILVY SHEILA GISH, JAMES COSSINS in STAGE STRUCK. A new thriller by Simon Gray.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sats. 2.45. ANNIE. Group Sales Box Office 01-379 6061.

WAREHOUSE. Donmar Theatre. Covent Garden. Box Office 836 6808. S. Royal Shakespeare Company. Ton't, tomor. 7.30 final perfs Howard Barker's THE LOUD BOY'S LIFE (not suitable for children). All seats £2.10. Students £1.10. Adv. bkgs Aldwych. Postal and public booking now open for new London season. THREE SISTERS. PERICLES.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF. Hotter than ever for 1980. The erotic experience of the modern era. Fifth great year.

WYNDHAM'S. S. 01-836 3028. CC. bkgs 379 6565. Tickets only £1.50. £3. £ Evgs. 8.40. Fri. and Sat. 6.0 and 8.4 Belt and Braces in ACCIDENTAL DEATH OF AN ANARCHIST.

YOUNG VIC STUDIO. 928 6363. Ton't 7.45. THE IMPORTANCE OF BEING IRISH.

CINEMAS

ABC 1 & 2. SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: APOCALYPSE NOW (X). Wk. & Sun.: 1.15, 4.30, 7.55. 70 mm Dolby stereo. Late show Sat. 11.0.
2: THE ONION FIELD (X). Wk. & Sun.: 2.00, 5.00, 8.00. Lte show Sat. 11.00.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: ANIMALYMPICS (U). Progs. 1.50 (Sun 2.30), 4.00, 6.10, 8.20. 2: Dudley Moore 10 (X). Progs. 1.00 (not Sun.), 3.05, 5.40, 8.15. 3: APOCALYPSE NOW (X). Progs. 1.10 (Sun. 1.30), 4.20, 7.30.

CLASSIC 1, 2, 3, 4, 5. *Oxford St.* 01-636 0310 (opp. Tottenham Court Rd. Tube). 1: ANIMALYMPICS (U) in Dolby Stereo. Progs. 1.30, 3.45, 5.55, 8.10. 2: Bette Midler THE ROSE (X) in Dolby Stereo. Progs. 2.00, 5.00, 8.00. 3: THE BROOD (X). 1.05, 3.50, 6.35, 9.20. CRUEL PASSION (X). 2.40, 5.25, 8.10. 4: NORTH SEA HIJACK (A). Progs. 1.00 3.30, 6.00, 8.35. 5: THE LORD OF THE RINGS (A). Sep. Perfs. 2.00, 5.00, 8.00.

CLASSIC POLY Oxford Circus (Upper Regent Street). 637 9863. Walerian Borowczyk's THE BEAST (X GLC). 1.45 (not Sun.), 5.05, 8.55 IMMORAL TALES (X GLC). 3.35, 7.00.

CLASSIC Leicester Square. 01-930 6915 Oliver Reed THE BROOD (X). 1.05 (not Sun.), 3.45, 6.20, 9.00. CRUEL PASSION (X). 12.05 (not Sun.) 2.40, 5.20, 8.00.

CURZON, Curzon Street, W1. 499 3737. GET OUT YOUR HANDKERCHIEFS (X). English Titles.

ODEON HAYMARKET (930 2738-2771) SUPERMAN—THE MOVIE (A). Sep. perfs. Mon-Sat. 1.35, 4.45, 8.00. Sun. 4.30, 7.45. Late Night Show Fri. & Sat. 11.30.

ODEON LEICESTER SQUARE (930 6111) KRAMER vs KRAMER (A). Sep. Perfs Drs. open Dly. 1.15, 4.15, 7.45. Late Night Show Fri. & Sat. Drs. Open 11.15 pm. All Seats May Be Booked In Advance At Theatre Box Office Or By Post.

ODEON MARBLE ARCH W2 (723 2011-2) ONE FLEW OVER THE CUCKOO'S NEST (X) Sep. progs. Sun.-Fri. 3.45, 7.40. Sat 1.15, 4.40, 8.05. Late Night Show Sat 11.15 pm. Evening Perf & Weekends May Be Booked In Advance.

PRINCE CHARLES. Leic. Sq. 437 8181. Exclusive Limited Engagement RUDE BOY (X). Sep. Perfs. 12.20, 2.45 5.55, 8.45. Late Show 11.20 (Mon. to Thur. 12.45, 5.55, 8.45). Seats Bkble. Lic'd. Bar.

STUDIO 2 & 3. Oxford Circus. 437 3300. Lic'd Bar. 2: "10" (X). Progs. 12.30, 2.45, 5.25, 8.05. Lte. Show Sat. 11.00. 3: THE DEER HUNTER (X). 12.45, 4.05, 7.30. Lte. Show Sat. 10.50.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St. 734 0557.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW BRIEF ENCOUNTERS 11-2.30 am. Shows at Midnight and 1 am Mon.-Fri. Closed Saturdays. 01-437 6455.

ART GALLERIES

BOWSE & DARBY, 19, Cork Street. th- and 20th-Century French and lish Paintings until 19th April.

ANE KALMAN GALLERY, 178 Bromp- n Road, London, SW3. 01-584 7566. orks by DUFY, VLAMINCK, MIRO, THERLAND, LOWRY, NICHOLSON. Until 3 April. Mon.-Fri. 10-6. Sats. -4.

LDBORNE, 63 Queens Grove St. John's ood. 586 3600. TWO CORNISH RTISTS. Barbara Tribe & Geoff Ogden.

E ART SOCIETY, 148, New Bond St. 1. 01-629 5116. RICHARD EURICH.

THAF GALLERY, 24, Motcombe St. W1. Tel. 235 0010. Specialists 19th ntury and Contemporary Paintings of RABIA.

PINE GALLERY, 74, South Audley St., 1. 629 6602. 19th-CENTURY WATER-OLOURS until March 29th. Mon.-Fri. 0-6. Sat. 10-1.

EFEVRE GALLERY, 30, Bruton St., W1. 1-493 1572-3. An Exhibition of EDWARD BURRA. 'Paintings from America.' Mon.-Fri. 10-5. Sats. 10-1.

UMLEY CAZALET, 24, Davies St., W1. 499 5058. 20th CENTURY ORIGINAL PRINTS—Braque. Ernst. Matisse. Moore.

MARLBOROUGH, 6 Albemarle St., W1. EDWARD SEAGO 1910-1974 Paintings & Wclrs. Until 23rd April Mon.-Fri. 10-5.30. Sat. 10-12.30.

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PUBLIC EXPENDITURE PLANS 1980-81 TO 1983-84

CONSTRUCTION AND HOUSING

First moves in right direction

FOR THE first time in several years a Government expenditure White Paper has not been greeted with cries of dismay from the civil engineering industry although reaction from other areas of construction has been less than favourable.

According to the White Paper, total capital spending on construction is planned to fall by a further 3 per cent in 1980-1981. Proposed expenditure of £6.5bn—at November, 1978 prices—in the next financial year is more than a quarter down on the £8.97bn spent in 1975-76.

But despite a further reduction in construction spending in 1980-81—following an expected 3 per cent decline in the current year—the White Paper does include some encouraging aspects for civil engineers.

The engineers, like the rest of the construction industry, have lobbied successive governments—without much success—to concentrate spending cuts on current expenditure items rather than reduce capital spending which the industry says is vitally needed if the country's infrastructure is not to fall into disrepair.

Construction employers in a submission to the Treasury in January this year noted that capital spending on construction as a proportion of total public expenditure had fallen from 14 per cent in 1973-74 to 10 per cent in 1978-79.

As a result of the latest spending proposals this proportion will fall to just over 9 per cent in 1980-81.

A key phrase in the White Paper reads: "Current expenditure in 1980/81 is planned to increase by £0.2bn. . . . Capital expenditure is planned to fall by £1.9bn, but £1.4bn of this is accounted for by capital transfers. The remainder is accounted for by a fall in construction expenditure programmes."

From this it would appear that the industry can rightly complain that Government has again looked at construction and capital programmes rather than reduce current account spending to find the cuts it says it needs to make.

However a breakdown of the latest spending proposals indicates that Government may have begun to recognise some of the serious problems faced by construction and civil engineers in particular as a result of successive cut backs.

In the past civil engineers have had to bear the brunt of spending cuts on items like roads, water and sewerage. While this process has not by any means been reversed by the latest proposals there are some healthy indications that some stability may be emerging.

In fact spending in environmental services, which includes sewerage and water provision, is to be increased by £50m to

A spokesman for the Federation of Civil Engineering Contractors said: "This restores the £50 reduction made last June and although much more needs to be done it is at least a step in the right direction."

The Federation was also not too dismayed at the proposed £31m reduction in construction spending on roads and transport, to £833m.

Within this figure central government spending according to other parts of the White Paper will actually rise from £519m to £530m. The Federation said that while overall spending by local authorities on roads and transport is to fall it was encouraged by a statement made by Mr. Norman Fowler, Transport Minister, that priority should be given to capital spending within the total budget.

Perhaps the best news for civil engineers is the proposed rise of a third in capital spending on construction by the nationalised industries to £1.1bn in 1980-81.

This does not include any benefit that might arise from the construction of two new AGR type nuclear power stations at Torness and Heysham which are expected to be given the go-ahead shortly.

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While a detailed breakdown of spending proposals is not available it would appear that reductions on expenditure as far as civil engineering firms may have been halted and spending may even rise slightly during the next financial year.

he vast majority of next year's cuts has come from public housing. Details of reductions on Government spending on housing in England were given last month by Mr. Michael Heseltine, the Environment Secretary.

Total UK local authority expenditure on housing is planne dto fall from £2.5bn in the current year to £1.9bn in 1980-81. At the same time reductions in other public sector housing budgets have been made.

In England alone the local authority investment programme allocation next year will be £1.6bn compared with the £2.1bn authorities are estimated to have spent in 1979-80. In 1974-75 English local authorities spent £3.87bn on housing.

One effect of the successive cutbacks in local authority housing budgets has been to dramatically reduce new building programmes. In 1975 work was started on 110,000 council homes in England compared with only 47,000 starts last year and a further reduction can be expected in 1980.

knocks out the shanty town at

The bulk of local authority housebuilding programmes are carried out b yprivate contractors and at first glance the further reduction in local authority budgets could hardly have come at a worst time for the housebuilding industry, which saw UK private sector starts fall from 157,000 in 1978 to 139,000 last year.

However in spite of the lower level of activity—part of the 1979 fall can be attributed to bad weather at the beginning of the year—margins on private sector housebuilding have remained reasonable.

Equally the underlying demand for private housing remains strong and the industry is confident that it can weather a short-term reduction in new building programmes.

Thus a further, albeit very large, reduction in local authority spending on housing is perhaps less damaging to the construction industry as a whole than a further substantial reduction in roads sewerage and other civil engineering projects would have been.

As a result of successive cutbacks, the civil engineering industry is now operating at around half the capacity it was in 1970.

Andrew Taylor

CAPITAL SPENDING ON CONSTRUCTION

£ million at 1979 survey prices

	1975-76	1977-78	1978-79	1979-80	1980-81
Housing:					
New dwellings and improvements	2,640	2,379	2,050	1,959	
Grants and loans to housing associations and improvement grants	656	720	689	686	2,144
Other environmental services	1,326	1,059	1,159	1,006	1,056
Roads and transport	1,236	824	798	864	833
Education	540	414	350	318	292
Health and personal social services	557	382	380	395	434
Northern Ireland	255	235	215	220	206
Other*	504	454	383	454	446
Total (excluding nationalised industries)	7,714	6,467	6,024	5,902	5,411
Nationalised industries					
Electricity	220	173	186	189	231
Gas	373	157	162	123	243
Railways	228	143	200	167	173
Coal	73	106	165	167	215
Other	342	240	226	195	262
Total nationalised industries†	1,256	819	939	841	1,124
Grand total	8,970	7,286	6,963	6,743	6,535

*Includes defence new construction expenditure (which is classified as current expenditure on goods and services); industry, energy, trade and employment; law, order and protective services; and office and general accommodation.

† Certain capital expenditure by the British National Oil Corporation which is classified in the national accounts as new buildings and works has been excluded from this table since little of the work is produced by the construction industry.

EDUCATION

Universities hit hardest

UNIVERSITIES AND undergraduate students yesterday became the first to learn of their contribution to the Chancellor of the Exchequer's proposed 4.5 per cent cut in total educational spending, to £8.54bn in 1980-81.

Although the Government admits that a 19.7 per cent increase would be needed to maintain the value of the students' grants against inflation, the increase for the next academic year is being held back to 14.7 per cent.

Students living away from home while studying in London will receive £1,695, about £82.50 less than would have resulted from a 19.7 per cent award. The corresponding figures for students living away while studying in other places are £1,430 (£60.25 less); and for students living at home £1,125 (£54 less).

The universities are to share a grant of £957m for recurrent spending plus £71.6m for furniture and equipment in 1980-81. This represents a real-terms cut of about 3 per cent in the recurrent grant from the present academic year's £802m, including a backdated £62.4m announced yesterday to cover rises in pay and prices.

But the new Public Expenditure White Paper indicates that universities and polytechnics concentrating on degree-level courses, and their students, will be mainly affected by a further cut in spending on higher and further education of 3 per cent between the financial years of 1980-81 and 1981-82.

Since overseas entrants to courses from the autumn will mostly have to pay the full average cost of their studies, admissions of British students to degree-level courses will fall only slightly—at most by about 3 per cent to 105,000. By contrast, an increase is expected in the number of home students on work-related courses at sub-degree level.

Adult courses largely of a non-vocational kind are to lose about £15m—or about a third—of their taxpayer support from September.

Spending on children under five will be cut by 3.6 per cent between 1980-81 and 1981-82. The savings will be made mainly by reducing the number of under-fives in normal primary schools, rather than at the expense of special nursery schools.

In line with the Government's policy of protecting as much as possible the "core" of compulsory education, expenditure on the school sector is being reduced by only 2.1 per cent between the same two years, to £5.17bn.

As the pupil population is falling, this cut should nevertheless permit slightly increased spending per child in school. Similarly, there should be a slight improvement in the ratio of pupils to teachers—to 18.6 to one—even though the number of teachers is scheduled to fall during the same period by 14,000 to 491,000.

But more teaching jobs may have to be cut to compensate for the House of Lords' rejection of the Government's plan to save £20m or more by charging for transport to school.

The money provided includes sums rising from £3.5m in 1981-1982 to £13.5m in 1983-84 for the controversial scheme to help children from poorer families to attend independent schools.

Michael Dixon

EMPLOYMENT

Less money to spare

PUBLIC SPENDING on employment and training services is to be held more or less constant *for the next 12 months, but in* the following three years will drop in real terms from just over £1.1bn in 1979-80 to £870m in 1983-4.

This group of services includes job placing, Government training schemes, special employment measures, spending on the disabled, redundancy and maternity pay, and staff costs.

It includes the budgets of the three agencies—the Manpower *Services Commission, which* accounts for over half of all expenditure, the Health and Safety Commission, and the Advisory, Conciliation and Arbitration Service.

For the ntxt year the main changes are a reduction in the amount spent on special job-creation measures, balanced by an increase in the budget of the MSC, *mainly for expanding* youth training. The Government has not tried to estimate where the economies in future years are to come from.

Most of the changes for 1980-81 have already been announced, including the contraction or cancellation of some of the special employment measures, staff cuts in the agencies, and changes in training programmes.

There is one tit-bit of news: public funds for secret trade union ballots, promised by the Employment Bill now going through Parliament, will come out of the "special employment measures" budget. The sum is not likely to be large—but the Government could make a little saving here because the TUC has virtually told its unions not to touch the money with a barge-pole.

The White Paper notes that spending in the year now ending is likely to be about £360m less than originally planned. More than half of this is because of shortage of applicants for the various special job programmes and training places.

The small firms employment subsidy closes for applications at the end of this month.

Among the general employment programmes, the special temporary employment subsidy for those out of work for a long time will provide between 12,000 and 14,000 places in the coming financial year.

The Government has budgeted for an increase in the number of redundancy payments in the coming year—up from an estimated 290,000 to 320,000—and for more than 100,000 maternity leave payments.

Staff cuts range from 11 per cent at industrial relations advisory agency ACAS, to 13 per cent by 1983-84 at the MSC and about 6 per cent by 1982-83 at the Health and Safety Executive.

In the training field, the Youth Opportunities Programme is being expanded by about a quarter, to make room for up to 105,000 young people in the coming year. But the training opportunities scheme (TOPS) will be cut back in the next few years, by concentrating the spending on courses that lead to careers in industry rather in clerical or service wor.

Christian Tyler

ROADS AND TRANSPORT

Spending to fall steadily

TOTAL SPENDING by central *and local government on* Britain's road and transport *programmes, including* support for British Rail, is to fall steadily betwen now and the end of the Government's new medium-term survey period in 1983-84.

From a recent peak expenditure of £3.91bn in 1975-76, spending in the new financial year is set at £2.91bn at 1979 survey prices.

The total is to fall to £2.78bn in 1981-82 and, according to the *White Paper, is to be stabilised* at £2.69bn for each of the following two years to the end of the current survey period.

Local authorities account for over half of the total spent on roads and transport, but the detailed allocation of spending for the new financial year and all the years of the survey period is not specified in the *White Paper. Councils* are expected to decide for themselves their own *order of* priority for new programmes.

New reads, road maintenance, car parks and safety campaigns account for over £1.7bn of total spending in 1980-81.

This is only marginally below the £1.75bn spent in the current financial year and with programmes for 1980-81 already under way, the reduction is not expected to have an immediate impact on residents.

But the effects are expected to become noticeable in the next financial year. Capital spending by authorities on roads, car parks and other public transport investment will drop by almost *£100m.*

Road maintenance by local *authorities is to continue* at almost the same level in the new financial year as in the current year, at £600m.

In contrast, central Government spending on the maintenance of motorways and roads will fall from £116m in 1979-80 to £112m in 1980-81 and the construction of new major roads will be dominated by the M25 orbital motorway project around London.

The cuts have forced the Government to put back by a *year the expected completion* date for this project. Full deatils *will be in the Roads White* Paper to be published at the end of next monthbut the M25 will not be finished before 1985 at the earliest.

The Government admits that motorway and trunk road construction has been well below planned levels. In 1978-79 it was £95m (22 per cent) below target.

Roads to ports may be improved, in line with *Government policy to aid industry,* but no details of these schemes are *available.*

In Wales, priority is to again be given *to the improvement of* strategic routes designed to contribute to industrial growth.

In Scotland, the Central Area motorway and dual carriageway network programme is almost complete and future investment is to be concentrated on improving roads in the North and North-East affected by North Sea oil development.

Government subsidies for British Rail passenger services *acount for another major part* of the roads and transport budget. *The central Govern*ment subsidy, at 1979 survey prices, is to be £393m for 1980-1981, compared with £391m in the current financial year, and £657m in 1974-75.

Government subsidies for 1980-81 to local authorities for local BR passenger services have not been specified, but have been grouped with bus, underground and *ferry service* subsidies to make a total of *£26m—a cut of £22m on the* total for this financial year.

British Rail's *investment* ceiling has bee nset at £277m (at *1979 survey prices*) throughout the Government's medium term survey period to 1983-84. This compares with £352m in the current financial year and is £70m lower than the average annual level of railway investment over the past five years.

The reduction largely reflects a new, joint Government-British Rail initiative—agreed by both sides—to exclude the renewal of track with continuous welded *rail from BR's annual invest*ment ceiling. However, track maintenance and reneway will still be subject to the constraint of the public service obligation cash ceiling.

Current investment by the *railways' board includes* an agreed five-year rolling programme to provide 220 replacement electric multiple trains a year during the Government's planning period. Of these, 358 will go to Southern Region commuter lines, although this represents only a small part of the total investment—£890m over 11 years planned for train services in London and the South-East Region.

Ideally, BR would like to double this investment, to *counter rising criticism of service* standards, but this is clearly *ruled out by the Government's* rigid investment ceiling of *£277m* a year for the next four years.

Lynton McLain

FOREIGN AID

Surprisingly big cuts

OVERSEAS AID is to be sharply reduced in the coming years as part of the Government's evident determination to demonstrate that cuts will not fall on the British public alone.

The White Paper projects that in real terms Britain's aid *programme* in 1983/84 will be below what it was in 1975/76 *and a 14 per cent drop* on this year.

The cuts will fall most sharply on bilateral aid, much *of which is tied to the purchase* of British goods. Long-term commitments to *multilateral* institutions make it virtually impossible to cut multilateral contributions which account for about 25 per cent of Britain's aid effort.

The Government has yet to work out in detail which aid programmes will bear the greatest burden but the cuts could reduce by a third Britain's aid to major recipient nations like India and Bangladesh.

The White Paper estimates net overseas aid for the present year at £790m (allowing for the cut of £50m made in last June's Budget). It will fall marginally next year and then drops sharply to a level of £677m for the years 1982/83 and 1983/84. This is below the level for 1975/76 but marginally higher than that of 1976/77. From that year Britain's aid programme rose substantially until the present round of cuts, and was projected under *the Labour administration* to continue to rise in real terms *at an annual rate of 6 per cent* a year.

Mr. Neil Marten, the Minister for Overseas Development, regretted in a *statement* on Wednesday that the cuts were necessary but said that the Government had inherited an unrealistic aid programme that bore no relation to the resources likely to be available. He said that the aim now must be to build on the mutual interests of Britain and developing nations but within the funds allocated.

Though substantial cuts had been anticipated, the scale nonetheless came as a shock and are attacked as being shortsighted in unnecessarily damaging Britain's image abroad as well as its trade links Critics point out that resources transferred through aid to developing nations were *mostly fed back in capital* goods orders for the industrialised nations.

David Housego

LOCAL AUTHORITIES

Instilling a sense of realism

LOCAL AUTHORITIES will be compelled to reduce both their staffing levels and their services to meet the planned expenditure cuts.

But if inflation falls and if the Government can persuade local authorities that the forecast reductions for the next years will not be changed and can be used as a basis for long-term *planning, the effects* will not be as severe as had been feared.

Another key factor will be whether the Government uses what local authorities would regard as realistic predictions of pay an dprice increases for coming years when calculating *cash limits and levels* of rate support. Traditionally, governments have always underestimated these figures leaving councils with *de facto* cuts in addition to the reductions they are already trying to implement.

Excluding *housing,* local authority current expenditure in Great Britain is expected *to fall* by a further 2 per cent to £13.76bn in 1981-82; 1 per cent to £13.62bn in 1982-83 and another 1 per cent to £13.49bn in 1983-84. *Councils have already* had to make reductions for 1980-1981, equivalent to 2.5 per cent below their actual 1979-80 spending figures.

Much more severe cuts in capital expenditure are required from local councils—5 per cent in 1981-82 to £2.8bn, 6 per cent in 1982-83 to £2.6bn and 3 per cent in 1983-84 to £2.5bn, all at 1979 survey prices.

To meet this scale of cuts, local authorities will find they have no alternative *but* to take more painful decisions about redundancies at a time of mounting unemployment. Wages and salaries account for 70 per cent of council spending and authorities are already under great pressure *from the Environment* Department to reduce significantly manpower levels which have mushroomed since local government reorganisation in 1974. *The cuts* could mean a loss of some 85,000 jobs by 1984.

Some Labour councils are again likely to resist and more *Labour leaders are certain to set* themselves on a "no cuts" collision course with the Government.

The declining school rolls as the child population continues to fall will bring some automatic cuts towards the total 9 pe rcent cut required in *education between 1978-79 and 1893-1984 to bring expenditure down to £8bn at 1979 survey prices.* Local authorities spend more than 80 per cent of education expenditure and they are likely to have to cut back on teaching levels to meet the targets.

A fall in the rate of inflation, *the key* to all local authority finance problems, would reduce the *contributions* required to the increasingly onerous housing revenue accounts, particularly as lower inflation wuold mean lower interest rates.

Those two factors together would bring great relief to the housing *revenue account* and consequently to the level of rate rises likely to face ratepayers in future years.

"Some authorities will be *able to make* the cuts with ease and others will have severe problems. *But the main prob*lem is psychological," Mr. Noel Hepworth, Director of the *Chartered* Institute of Public Finance and Accountancy, said yesterday.

The psychological problem is that no local authority ever believes that the Government's forecast of expenditure figures will stick because they never have done in the past.

The severe restrictions on capital expenditure will mean less in-built *expansion in local* authority budgets caused by capital projects. Capital projects have, on average, a three-year lead-in from conception to opening so the effect of the first major capital cuts are now starting to feed into local authority accounts and will continue to do so at an increasing level.

Local authorities, as already announced, face the greater part of the burden in housing cuts. Housing expenditure is forecast to be £1.916bn in 1980-81 compared with £2.463bn in 1979-80 and £4.461bn in 1974-75.

"This is a very heavy reduction and it is to be hoped that it will not in any way cause a slowing down in the mobility of labour which is crucial," said *Mr. Ian McCallum, chairman* of the Association of District Councils.

One ameliorating factor was that the Government had decided to let councils keep 50 per cent of the profit from council house sales which could help to make up for the lost money, said Mr. McCallum. But that is not an argument which *is likely to find much favour* among the Labour-controlled *authorities in the ADC, which* represents all 333 non-metroolitan district councils in England and Wales.

The general level of environmental services, amenities and services will all drop in the successive years to 1984. Capital programmes for water services will fall to £740m in 1981-82, £700m in 1982-83 and £680m in 1983-84.

Local environmental services which include refuse collection will have expenditure reducing from £1.96bn in 1981-82 to £1.88bn in 1982-83 and £1.87bn in 1983-84. This will mean that refuse collections might be less frequent, the standard of upkeep *of parks and gardens* will be reduced and facilities at cemeteries and crematoria may not be maintained at their present standard.

The cuts pose severe problems for all local authorities but if *the Government provides a consistent expenditure policy* those that want to comply should be able to.

Robin Pauley

HEALTH SERVICES

Only tinkering with the funding

BY PLANNING to increase the direct contribution of patients' *to the ever-growing* cost to the National Health Service, *through higher charges,* the Government has done little more than tinker with the largely taxation-based funding of the system.

Nevertheless, in the absence of firm proposals for radical restructuring of the financial base, the plan to increase income as a percentage of total health service spending is significant.

In the current year (1979-80) income from health service charges, *excluding* pay beds, will contribute £132.2m to *health* service spending, most of this income relates to prescription, dental and opticians charges. The remaining pay beds within the service, about 2,600, *contribute* a further £30m and charges are due to be increased by 33 per cent on April 1.

However, the White Paper makes it clear that the Government *intend to increase the* contribution of charges to health service funding from about 3 per cent in 1979-80 to 5 per cent in 1983-84.

The increase will, in part, fund the "modest" 0.5 per *cent real growth* in health authority cash limits planned for 1980-81—the same as in November's White Paper—and the increases of 1.7 per cent in current spending by health authorities in 1981-82 and 1982-83.

The main changes in health service charges announced in the Budget and White Paper are:

Prescription charges: The £1 charge to be introduced in December will raise a further £5m in 1980-81 and £30m a year from 1981-82.

Dnetal charges: Young people between 16 and 21 who have left school will have to pay *dental* charges from April 1, yielding £9m a year from 1981-1982.

Opticians charges: A £2 charge is to be introduced for sight tests from April 1 producing an extra £11m a year in *health* service revenue.

The Government, as already announced, aims *to* recover through the insurers of accident victims a greater proportion of the cost to the health service of road accidents. It aims to *clamp* down on abuses of the service by foreign visitors.

The additional income expected from pay beds is more difficult to predict. The Government is committed to increasing pay bed charges in line with rising hospital costs but, it also plans to increase the availability of private health care within the health service.

Overall, the 1980-81 cash limit figure for the 14 regional health *authorities*—the top tier in the health service structure—has *been increased by 0.5 per cent,* in real terms to £6.8bn over the original planned figure for 1979-1980. The squeeze on cash limit provisions for the current year *means this represents* a 3 per cent increase in real terms on *expected outturn expenditure.*

The cash limit figures provide for a 14 per cent increase in prices between 1979-80 and 1980-1981 and earnings — in addition *to special provisions* for the pay effects of comparability awards. *All the same,* the health authorities are likely, at least in 1980-81 to find it hard to stay within the limits without cutting services and staff.

Paul Taylor

TAX EXPENDITURE

The cost of benefits

THE WHITE PAPER *contains,* for onl ythe second time, details of the cost to the Exchequer of various reliefs on direct taxes, updating the figures first given for the 1978-79 financial year in the January 1979 expenditure White Paper.

These reliefs and allowances have broadly the same effect on the Government's borrowing *requirement as public expenditure.* Sir Geoffrey Howe, the *Chancellor, brought the spot*light on to one small but significant section of *these* allowances by stating in his Budget speech on Wednesday that the bulk of sickness payments and unemployment benefits will be brought into the tax net from April 1982.

Where a tax relief benefits a particular group of taxpayers, or a particular sector of the economy, the Treasury believes *there is a good case for bring*ing the particular measure into account along with direct public expenditure related to those tax payers or that part of the economy.

The figures show that the *biggest single "tax expenditure"* items remains the married man's income tax allowance, which is estimated to cost £7.05bn in the present fiscal year, up from £6.6bn in 1978-79.

This amounts to a rise of 6.8 per cent—which works out as a reduction in real terms when the figures are adjusted for the rise of 17.5 per cent in the Retail Price Index between the midpoints of the two financial years.

The cost of *other allowances* is put at £3.46bn for single people's earnings and £2.05bn for wives' earned income in 1979-80, compared with £3.2bn and £1.8bn respectively during the previous fiscal year. There *are increases of 8 and 14 per* cent.

The White Paper *says* that care is needed in the exact interpretation of the costings. Each relief is costed separately, and so the combined costs of more than one cannot be calculated simply by adding together *together the figures. Further the* figures assume that taxpayers' *behaviour would be unaffected* by withdrawal of the relief—even though this assumption is sometimes clearly unrealistic.

The next largest item of income tax relief is listed as that on interest on loans for purchase or improvement of owner-occupied properties. This is put at £1.45bn in 1979-80, up *from* £1.11bn in 1978-79.

Eexmptions in respect of unemployment benefit and sickness pay are estimated at £150m and £200m respectively. Here the tax cost of unemployment bene*fit has risen sharply, from an* estimated £108m in 1978-79, while that for sickness pay is unchanged.

Capital allowances to com*panies—which result in a de*ferment of tax liability—are expected to cost the Exchequer £4bn in 1979-80, a sharp increase from £2.65bn in 1978-79. But stock relief on corporation tax is estimated to total only £1.2bn *against £1.35bn the previous* year—a fall of nearly 30 per cent in real terms.

The White Paper puts the cost of exemption of capital gains tax on disposal of taxpayers' only or main residence *at £2bn, up from £1.5bn.* The figure for stamp duty exemption on transfer of government and other stocks is unchanged at £1.3bn.

David Marsh

FINANCIAL TIMES

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Friday March 28 1980

Negative jam tomorrow

YESTERDAY the Chancellor set out a medium-term financial strategy for recovery—the first attempt of its kind, and a distinctly impressive one. At the same time the White Paper on public spending was issued, which sets out the spending side of the medium-term equation. This is, as the Chancellor said, the core of the strategy, for only public economies can make it possible to secure a declining rate of monetary inflation. Unfortunately it must be said that this part of the exercise—the movement plan, as it were, rather than the grand strategy—is in some respects much less satisfactory.

Funny money

The most obvious apparent shortcoming is that, except for the year immediately ahead, the White Paper is a set of empty boxes of known size. Total spending is laid down, in deflated "funy money," but the policies which are to achieve what are in some cases very drastic cuts are totally lacking. These decisions remain to be made.

Criticism on this ground, however, would be largely misdirected. What is intended here is a set of real limits for the future which will work rather like the cash limits for the shorter term. This is a constructive change in public management, for it allows considerably greater freedom of decision to individual departments, while promising to forestall the annual auction of resources in which departments fight to defend long-term programmes which have acquired a momentum of their own.

Again, it may be argued that the actual cuts proposed in certain programmes — notably housing, and the cost of nationalised industry financing—are implausibly ambitious. However, as in the Red Book, the procedures are as cautious as the objectives are bold. A substantial provision for contingencies remains the size of the contingency reserve doubling in real terms between 1980-81 and 1983-84. This should allow for the unforeseen. Furthermore, the rather hopeful estimate for shortfall contained in last year's White Paper has been reduced drastically, as is prudent—it would be most unwise to count on under-spending when programmes are under pressure. Finally, as before, there is no provision for any cut in Britain's EEC contribution. We remain convinced that the global total should be attainable.

What is less satisfactory, however, is the economic content of the White Paper. The lack of programme detail means that the reader can only guess how given cuts are to be achieved. In the two central programmes, housing and nationalised industries, there are three radically different ways of reaching the same bottom line: higher charges, reduced capital spending, or sales of assets to the private sector. However, the economic effects of these three routes are widely different.

Realistic pricing of public sercvices is desirable from every point of view; but this does not necessarily mean a price level adequate to finance a capital programme entirely from internal sources. Raising capital from unwilling consumers certainly puts a downward pressure on interest rates, but also has less welcome effects, especially on the pressure for wage increases. Excessive pricing is unfortunately a natural temptation for State monopolies.

Assuming that Ministers are vigilant on this score, there remain various possible changes on the capital side. Here again, it is misleading to treat reduced capital spending or higher asset sales as economically equivalent. Reduced spending eases pressure both on financial markets and resources. Asset sales affect only the long-term rate of interest. This is of course itself a major objective which deserves discussion in the White Paper, since debt service is so large an item in total public spending (including the cost of housing subsidies and nationalised industry finance).

Tax concessions

Finally, it is sad to see that there is still no consistent attempt to review cash expenditures — the cost of tax concessions — in all relevant programmes. Figures which make a point for the Government, as on child benefit and child allowances, are there. Less favourable numbers, such as the tax cost of selling public housing, are lacking. In this matter, as in the proper economic analysis of proposed means of cutting spending, it is to be hoped that future White Papers come nearer to the economic clarity achieved in the Red Book.

Begin sticks to hard line

Mr. Menahem Begin, Israel's Prime Minister, repeated last Wednesday what he had said earlier to Mr. Sol Linowitz, President Carter's special envoy to the Middle East, that he would refuse to halt the establishment of Jewish settlements on the occupied West Bank. He added that even if Mr. Carter suggested a freeze on establishing settlements (and Mr. Begin accepted one for three months in 1978) when they meet in Washington next month, he would refuse it. Yesterday, the opening session of another round of Egypt-Israel talks on the future status of the West Bank and Gaza Strip was postponed in Alexandria.

This symbolised the fact that the two sides remain as far apart as ever on the vital question of Palestinian autonomy. Egypt, on the one hand, wants the Palestinians to have wide powers in the West Bank and Gaza Strip as a first step towards the eventual establishment of a Palestinian state. Israel, on the other, wants the Palestinians to have merely a say in the day-to-day running of municipal affairs, with the larger issues, such as security, firmly under its control. There is thus a vast chasm of conflicting views to be bridged before May 26, the first anniversary of the Egypt-Israel peace treaty and the notional date for the conclusion of talks on autonomy.

Considerable concern

The decision of Mr. Begin's government to press on with establishing a Jewish community in the centre of the West Bank town of Hebron, his appointment of the hardline Mr. Yitzhak Shamir as Foreign Minister, and his general reluctance to show flexibility on the settlements issue have caused considerable concern, not least in Israel itself, about the country's image abroad, and about the seriousness of its commitment to reaching a constructive solution to the autonomy talks.

Mr. Begin frequently asserts that it is the right of every Jew to settle in Eretz Israel—the historical land of Israel. This right is not in question—merely the timing of putting it into practice. Furthermore, the way it has been exercised has only aroused Arab suspicions to the full. For most of the settlements so far have been erected with heavy fortification in key strategic areas—with Israel's security in mind rather than the fulfilment of an historical right. In addition, ever since teh arrival of Jews in Palestine this century, the pattern of the frontline settlements has nearly always eventually conformed with Israel's successive frontiers.

It might seem a plausible gamble on Israel's part that the U.S. will be unable to press for concessions from Israel or to launch an initiative with the presidential elections so close. The fiasco of the U.S. vote before the Security Council on March 1, and Mr. Edward Kennedy's victories in the New Yor kand Conneticut primaries might appear to support this view.

But for several reasons it would be shortsighted for Mr. Begin to stick rigidly to his current settlements policies. First, to judge from President Sadat's reaction, he runs the risk of bringing the bilateral negotiations to a alt. This would probably not endanger the peace treaty, but it would leave dangerously unsolved the core of the Middle East conflict—the future of the Palestinians. Second, the general diplomatic attitude towards the Palestinians in general and the Palestine Liberation Organisation (PLO) in particular, is changing. An increasing number of countries has been moving gradually towards recognition of the PLO.

In addition, Europe has been pressing for a supplement to UN resolution 242, which calls for Israeli withdrawal from occupied Arab territories and the right for all states to secure boundaries.

Less sympathetic

Finally, it is likely that this gradual acceptance of the PLO by Europe would not leave the U.S. untouched. The next American administration, freed from the constraints of presidential elections would find it difficult not to move in the same direction, particularly if the PLO makes concessions towards accepting Israel.

By pursuing policies which are likely to bring the autonomy talks to a sterile conclusion, Israel is making it more probable that the U.S. for one will be less sympathetic towards its interests than it has been in the past.

PUBLIC EXPENDITURE PLANS 1980-81 TO 1983-84

EFFECTS ON INDUSTRIAL SUPPORT

Gearing up for the free market

TRADE, INDUSTRY, ENERGY AND EMPLOYMENT

(£ million at 1979 survey prices)

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Regional and general industrial support	967	1,008	967	720	570	550
Scientific and technological assistance	254	282	306	310	290	300
Support for aerospace, shipbuilding and steel industries	172	202	191	80	20	30
Support for other nationalised industries (other than transport industries)	199	266	231	110	110	100
Trade	454	13	99	100	−40	−90
Employment and Training	1,070	1,121	1,123	1,000	900	870
Total	3,203	2,969	2,992	2,390	1,910	1,760

THE GOVERNMENT'S policy of drastically cutting State aid to industry is fulfilled in the White Paper published yesterday.

Within two or three years the annual amount allocated on such aid is budgeted to fall by about 50 per cent, with industries and organisations such as shipbuilding, steel, BL, and the National Enterprise Board all receiving less. In some cases, Ministers hope, they will receive nothing at all, and the White Paper categorically states that "there is no provision for major rescues."

These cuts reflect policy decisions announced on regional aid and the NEB last year. Yesterday, Sir Keith Joseph, Industry Secretary, said he was confident the Government would be able to keep expenditure down to the low targets. "We hope to have a steel industry which is self-sufficient, and we also hope to move towards self-sufficiency in a number of other areas," he said.

Despite Sir Keith's confidence, however, the Government is implementing its free market philosophy faster than many industrialists would like. The White Paper's planned cuts are more stringent than the Confederation of British Industry had hoped. It told the Government recently that there should not be further cuts till corporate profitability improved, which might take some time.

The Department of Industry's own annual budget, which stood at £1.2bn before last year's election, is to drop slightly to £1.1bn in the coming financial year, but then it will plummet to £770m in 1981-82, £565m in 1982-83, and £500m in 1983-84.

These figures emerge from calculations based on the mass of statistics contained in the White Paper. The statistics show that general regional and industrial support (see table) falls from around £1bn to £550m in 1983-84, and that there is a sharp cut for some nationalised industries, and that support for aerospace, shipbuilding and steel falls away to virtually nothing. The trade allocation becomes a minus quantity because of changes in the Export Credit Guarantee Department's operations.

The reason why the total figure for all the categories only goes down from around £3bn to £1.9bn in 1982-83, and to £1.7bn in 1983-84, is that employment and training expenditure is not being cut to quite the same degree as direct industrial aid. In addition, there is no significant change in the Government's scientific and technical assistance, which includes general research and development work as well as some nuclear and space expenditure.

The cuts in direct industrial aid are, nevertheless, large—even though the Department of Industry seemed to be trying to play them down yesterday. It said that the cuts forecast would reduce he aid by 80 per cent by 1983-84. This is a calculation of the total aid spent in the intervening years compared with the total his year. It masks the fact that annual allocations will have suffered the 50 per cent fall within two or three years.

No detailed figures are included in the White Paper for the period after 1980-81 because Ministers want to be free to allocate the reduced funds where they are most needed. This means that one cannot work out, for example, how the Government expects it will allocate its £720m for regional and general industrial support in 1981-82 between areas such as regional development grants, the NEB, selective aid and the Scottish and Welsh Development Agencies.

In 1980-81 the NEB has been allocated £278m (at 1979 survey prices). This does not cover Rolls-Royce, which is being transferred to the Industry Department's direct ownership. It does include BL which has been promised total government support of £300m (and might follow Rolls-Royce to ownership by the Department). Nothing has been fixed for BL after this £300m—most of which will be spent in 1980-81—although it is understood that, for planning purposes, a further £75m has been included for 1981-82.

It is believed that after its BL commitments, the NEB will have about £65m in the forthcoming financial year to spend in all its other activities. Provision is made for its INMOS microchip venture to have its second £25m capital tranche, once the current political row over where it should site its factories has been resolved. Most of the rest of the money will be taken up funding the NEB's other commitments, especially INSAC and NEXOS high technology ventures. This means that the new NEB board under its chairman, Sir Arthur Knight, will have little spare cash for fresh exploits in the near future.

The £65m for 1980-81 is likely to drop to £50m in the following year, partly because the NEB's existing commitments will be reduced, and partly because it should, under Sir Keith Joseph's policies, become more self-financing. Ideally Sir Keith would like to reduce this figure further to perhaps £20m to £25m split two-to-one between new high technology ventures and helping small firms and other businesses in the assisted areas.

The exact figures in later years, assuming present policies remain unchanged, will depend on how successful the NEB is in selling off its profitable companies and how much of the proceeds the Treasury allows it to retain for reinvestment. It is still required to go ahead at its own speed with its £100m of asset sales including its holdings in Fairey, Ferranti and Brown Boveri Kent.

The Scottish and Welsh Development Agencies are not being cut back as harshly as the NEB because of their greater regional role of attracting new industry and improving the infrastructure of their areas. The Welsh Agency has special funds for helping steel closure areas and the White Paper says the Scottish Agency will have £60m a year, each year through to 1983-84—which is a large sum given the general scale of cut-backs.

On regional development grants, the main cuts in the future will stem from last year's policy changes which included changes in the boundaries of assisted areas. At the same time a four-month moratorium was introduced last year on the payments of grants as a contribution towards cutting public spending. The White Paper says this will probably have reduced expenditure in 1979-80 by about a quarter to £304m. The White Paper figure for 1980-81 is £337m.

Selective assistance to industry in assisted areas has also been trimmed, in line with announced policies, and now is only provided where it is necessary to enable a project to go ahead. Expenditure of £61m in 1979-80 is expected to drop to £44m in 1980-81, says the White Paper.

Other more general selective aid is being cut as existing schemes expire, and the amount to be spent on attracting inward investment into the UK is also being reduced. This investment subsidy used to be called the Selective Investment Scheme but now comes under a general heading of selective aid.

In past years when it was able to obtain as much money as it wanted from a Labour Chancellor of the Exchequer, the Industry Department sometimes found it difficult to find enough recipients for its funds.

In 1978-79, for example, expenditure on regional and industrial support was about 25 per cent below the level planned. Now, under the tighter reins of the present administration, this is unlikely to happen again.

Indeed, many industrialists will probably argue that the Government is cutting aid too quickly in 1981 and 1982 because profitability will not by then have recovered enough to enable industry to become more self-sufficient.

John Elliott

NATIONALISED INDUSTRIES

An ambitious turnround target

A TOTAL transformation in the financial results of the nationalised industries is the biggest single component in the Government's plans to reduce public spending by 4 per cent between now and 1984. In 1979-80, the state corporations' external financing requirement contributed £2.3bn to public expenditure. By 1983-84, the corporations are expected to be making net repayments to the Government and their overseas creditors to the tune of £400m (all in 1979 survey prices, which, for the nationalised industries, are actual prices ruling in 1978-79).

The resulting turnround of £2.7bn is bigger even than the reduction announced for the housing programme: Its significance can be seen in perspective, by bearing in mind that the net reduction in all programmes between 1979-80 and 1983-84 is £2.8bn in 1979 survey prices. Thus the success of the whole medium-term strategy rests in large measure upon the possibility of achieving the sort of revolution in the nationalised industries financial performance that the White Paper has postulated.

The target of £400m net repayments (in 1979 prices) by 1983-84 appears very ambitions, since the industries' capital investment is forecast to rise by 18 per cent in real terms over the next two years, and to remain at the higher level until the end of the planning period. Thus the Government is expecting the industries to generate, through profits and depreciation provisions, £5.4bn in 1983-84, compared with £1.9bn in 1979-80 (both at 1979 prices).

How likely is this minor miracle to be accomplished? Unfortunatelyl, the White Paper does not provide enough detailed support for its projections beyond 1980-81 to permit a full assessment — and with good reason. The figures are based on each industry's corporate plan and financial target. Few private sector companies would allow themselves to be tied down to detailed projections of capital spending, costs and revenues five years ahead. And the White Paper admits that "the figures for the nationalised industries are subject to particular uncertainties, especially for the later years."

The scale of this planning problem is illustrated by the Government's decision to increase by £300m the 1979-80 cash limit on external financing for the Electricity Council. The original cash limit, requiring the Council to repay £68m during the current year was set last June. But the mild winter and the decision to build up coal and oil stocks transformed the expected cash surplus into a £232m deficit within a few months. To the relief of all the nationalised industry chairmen, the Government decided that commercial realities had to take precedence over its determination to maintain rigid cash limits.

Whether this decision will be required as a precedent and lead to the gradual loosening of the cash limit regime remains to be seen. Certainly, the nationalised industries have argued forcefully that short-term cash targets are an irrational way of controlling large, capital-intensive enterprises with very long-term investment programmes. And it is notable that the estimated financial out-turns for 1979-80 which are presented in the White Paper show most of the corporations coming within a hair's breadth of their cash limits.

Despite the evident problems of forecasting the state corporations' performance even a year ahead, the Government seems confident that its longer-term targets will be attainable. This optimism is justified by a single sentence in the White Paper: the figures for later years "assume that the coal, steel and shipbuilding industries will succeed in reducing or eliminating current losses, that British Rail will be able to contain costs and that the gas and electricity industries will be taking steps to eliminate underpricing."

Unfortunately, no information is provided about how much each of the nationalised industries indvidually will contribute to the £2.7bn of extra financial surpluses which will have to be generated by 1983-84.

The Gas Corporation will be raising its prfices by 10 per cent in real terms each year to meet its new fi nancial target of a 9 per cent real return. This should produce profits of over £1bn (at today's prices) by the mid-1980s compared with around £600m this year. It is significant, however, that its capital expenditure is also expected to rise sharply (by £114m in 1983—and more in the intervening years) as the northern basin of the North Sea is brought on stream.

The Electricity Council, too, will probably increase prices at a rate well above inflation, but its capital spending is due to rise by £332m (or nearly 50 per cent) by 1984, as the nuclear power programme accelerates. Nevertheless, the White Paper expects the electricity industry in England and Wales to become a net repayer of debt after 1980-81.

The Post Office will continue to generate enormous revenues and earn large profits, but there is no hint in the White Paper that these will be substantially greater than the £500m a year which it will require for investment. The White Paper states only that "up to 1983-84 the telecommunications business is expected to continue to finance most of its capital requirements from internally generated funds.

The elimination of losses by the coal, shipbuilding and steel industries would reduce public spending by less than £1bn, at 1979 prices. None of these industries can confidently expect to be making significant profits by 1984. Although the coal industry should by then be starting to reap the benefits of its £550m a year investment programme, large profits are not expected until the second half of the decade.

British Rail, which is expected only to reduce its call on public funds, is unlikely to contribute significantly to the general improvement which the Government is seeking. In fact, the allowance of £27m for annual capital expenditure which has been made is an arbitrary figure. It is questionable whether British Rail will be able to maintain the quality of its services without a substantial increase in investment over the coming years.

All this leaves one possible *deus ex machina* to bring the nationalised industries' performance within the Government's plans: the British National Oil Corporation. By the mid-1980s this should be making profits of well over £1bn (at today's prices). The hiving-off of part of BNOC to the private sector will almost certainly require major revisions to the Government's nationalised industry targets.

Anatole Kaletsky

MEN AND MATTERS

Green sees red: Blues back down

A deep sigh of relief yesterday from Cambridge: an unseemly squabble between two rival Boat Race sponsors had threatened to jeopardise the Light Blues' slice of £27,000 Ladbrokes is givng this year.

Ladbroke's Gerald Green tells me he was casually informed at the weigh-in that the Cambridge boat would feature the name Leisure Sport. "My reaction was 'Oh no, it jolly well won't,'" says Green, managing director of Ladbroke and Company. Already frustrated by the persistent refusal of the teams to carry "Ladbroke" on their boats, and at the BBC's parallel squeamishness at such a notion, Green says: "We certainly don't expect to pay good money and have someone else get the kudos."

Leisure Sport, a division of Ready Mixed Concrete loaned Cambridge their boat after another was smashed ina collision. Green and the BBC opjected to the name appearing for all the television cameras to see, so the Cambridge team agreed to mask it. Ladbrokes did not like that either. "All they had to do was to have the masking come off—they could have blamed it on the water. I would have been livid," says Green.

In a phone call yesterday Geoff Hall, the Cambridge coach, told Green that the crews now agreed to paint the name out altogether. Green tells me that if Cambridge had not toed the line, they would have lost their share of the sponsorship, but it would probably not have been withdrawn from the rival crew. Oxford have, he says always been "more positive and helpful than Cambridge — there's no reason why they should suffer."

No doubt such minor collisions on dry land have no bearing on the hard-headed calculations of the odds for next week's race: Oxford 4—6, Cambridge 5—4.

"Perhaps there's something to be said for Russian aggression after all"

Manx taxed

Wednesday's Budget came just five days too soon for the unfrotunate me of Man. Gloom descended over the North Sea Island yesterday as the people heard from their own Government that they would have to pay the increased taxes on drink, petrol and tobacco imposed by Chancellor Geoffrey Howe on Wednesday. The reason is that the Common Purse agreement between London and the island, which gives Westminster the right to dictate Manx excise charges, does not expire until April 1.

After that the island's Government will be left to its own devices, treasurer William Dawson explained yesterday. The bad tidings emerged from a session of the Manx Finance Board at which the local authorities sifted through the speech to discover which of the Chancellor's measures had to be applied. But there was more heartening news as well. The board refused to levy the £1 prescription charge, for example, and the anxious population were relieved to hear that all other measures proposed did not apply to the island since they fell in areas of finance already controlled by the local administrators.

Hopes were quickly dashed, however, that Dawson might as a show of independence drop the increased duties in his own budget speech on May 27. The extra income, he said, would come in handy to meet rising costs.

Banned stands

Standing on principle may turn out to be an expensive posture. First sign that the Russians are not prepared to take political boycotts lying down comes from the Antipodes—the Royal Horticultural Society in Sydney faces an action for £500,000 from the USSR.

The Societs were banned from participating in the Easter Show, and complain that they have uselessly shipped over many tonnes of equipment. The society is said to be "discussing the matter" with the federal government, which imposed the ban on official visits after the invastion of Afghanistan.

Nothing daunted, Prime Minister Malcolm Fraser has now refused visas for three Soviet judges who accepted a longstanding invitation to attend the opening of the High Court in Canberra.

Stinking rich

As the gold rush prospectors proved last century, men are prepared to put up with the worst kinds of hardship in the search for wealth. That this is still true is evident from the delvings of a Californian mining company in the sewage works outside Palo Alto City, Silicon Valley.

It has leased the "mining" rights from the local authorities which were embarrassed by rising mountains of polluted sludge emanating from the area's many micro-chip factories. Effluent from these works, it appears, is heavily contaminated with copper and other metals which make it too poisonous for farm fertiliser. Included among the "contaminants' 'are traces of gold and silver, metals much used in chip processing.

Last year the miners paid the city about £75,000 in royalties and in 1980 expect this to go up to £250,000 since precious metal prices have risen and refining has been accelerated.

Readers who may be encouraged to take off with their pans for the main drains around British chip factories should stay away; first because I thought of it, and second because there is nothing to be had there except wet feet. Brian White, plant secretary at Mullard's Southampton works, who knows of the California diggings, tells me: "I was horrified when I heard of it. We go to enormous lengths to ensure we don't lose anything." First, he says, effluent is filtered and then diverted to settlement tanks to extract the odd 0.1 per cent traces of gold and silver from solution.

So important is this recovery, adds White, that Mullard employs one man to make sure nothing of value slips down the drain.

Out on an ear

Commuter humour does not improve. Latest from the battlefront at Waterloo goes:—

"How many ears does Captain Kirk have?"

"I don't know. How many ears does Captain Kirk have?"

"Three—A left ear, a right ear, and one last great frontier."

Observer

PUBLIC EXPENDITURE PLANS 1980-81 TO 1983-84

End to spending bogies

ON LEAVING the House of Commons on Budget Day I ran into a leading Conservative Backbench hawk who was worried that there still had not been real public spending cuts, while yesterday morning I was regaled by radio horror stories about "holes in the roads" resulting from the curbs.

To be criticised from two opposite sides is no guarantee of being right. But on this occasion the truth happens to be somewhere in the middle. There is no onslaught on the Welfare State or "return to the 1930s." These hyperboles are largely a Pavlovian reaction by union leaders to having themselves to meet the first £12 of support payments to strikers.

The proposal is not in fact a good one—precisely because it tends to build up union funds; and I hope that when the Inland Revenue can cope, the Chancellor will instead restore social security payments to strikers' families, but treat them as loans recoverable from PAYE.

To come back to the main argument. Although public spending has certainly not been viciously cut, the cumulative effect of recent packages—from the Healey-Barnett ones in 1975-76 to the latest Conservative ones—has been to bring about a gradual lessening of public expenditure as a proportion of the Gross Domestic Product (GDP). On present definitions this has fallen from 46½ per cent in 1974-75 to 41 per cent in 1977-78.

It recovered to 42½ per cent in 1978-79 as part of the pre-election relapse; and if present intentions are followed should fall back to 40 per cent by 1983-84. At that level, there would almost certainly be a negative Public Sector Borrowing Requirement (PSBR)—i.e. a small overall Budget surplus ?unless real tax cuts are made. This is based on the medium-term projections in the Financial Statement, which, although highly fallible, are based on ultra-cautious assumptions about both oil reveues and economic growth.

Of course therewill be pressure to step up spending. The expenditure totals for later years are broad allocations to spending Departments. (This incidentally, is what the Plowden Committee originally intended.) Of course, every kind of lobby will build up from all sides of the political spectrum for higher allocations. But an advantage of a published medium-term framework is that any spending upsurge wil be automatically monitored —for its longer term as well as immediate effects and with the PSBR implications set out properly. It is precisely for this reason that some Ministers were opposed to publication.

But while keeping a watching eye open for spending breaches, it is time to call a halt to the general argument for or against public expenditure as such. On its planned growth path, public spending no longer presents an obstacle to the control of inflation. Nor, more important, can it be realistically presented as threatening our personal or political liberties.

The need is thus no longer for rushed economy drives, but for calmer reflection on which tasks are better performed by people individually through the market and which collectively via government. Issues such as housing policy, child benefit or a negative income tax should *henceforth be treated on their* own merits and not according to their effects on the public spending ratio—which, especially in the examples quoted, depends on disputable statistical conventions.

This will be easier once the principle of putting revenue and spending side by side is extended to the Public Expenditure White Paper. All the effects on the public sector balance would then be laid out together; and it would not matter whether, say, Health Service charges were treated as spending cuts or revenue receipts, or whether child benefits were treated as expenditure or negative taxation. *To do this* must be the next priority on the presentational side.

Even in its present form the White Paper discloses some economic assumptions which the Government is prepared to let out of the bag in individual spending chapters, but not to proclaim openly in its main strategy. When the previous White Paper was published at the turn of the year, it was assumed for the purposes of conversion to "funny money" that the Retail Price Index would rise by 10 per cent between November 1980 and November 1981, by 7 per cent between the same months of 1981-82, and by 5 per cent between 1982 and 1983. The starting estimate has now been raised to 13½ per cent. But the direction and size of the downward movements fit in with the monetary targets.

The "illustrative assumption" about adult unemployment is that it will rise from 1.25m in 1979-80 to 1.6m in 1980-81 and 1.8m in 1981-82 at which it will level off. Including school-leavers, the final headline total works out at nearly 2m—and more at the seasonal peak.

This is, one hopes, an excessively high level for the sustainable inflation rates. But again it is better to plan public spending on the worst that can happen rather than be bes, and to concentrate on supply side policies for improving labour markets.

To assess the Government's spending cuts is still a job of some delicacy because of the many different kinds of funny money used in the White Paper. On most definitions public expenditure in 1979-80 is estimated at £2bn ("in 1979 survey prices") less than intended by the Labour Government.

Nevertheless it rose in constant prices by between £0.2bn and £2.9bn over the preceding years, depending on the definition used. In actual money the "planning total" was exceeded by £1½bn due mainly to higher borrowing by the nationalised industries and greater expenditure on export credit subsidies, both largely reflecting higher interest rates.

For the year ahead public expenditure "cuts" seem draconian mainly by comparison with what the Labour Government said it would spend. On this basis the volume cuts are £4bn in 1980-81, rising to nearly £9bn in 1982-83.

Only £0.3bn of the 1980-81 cuts arise from the extra cuts made between November and the Budget. The cuts in programmes of £0.7bn—or £0.9bn in actual money—are far from negligible. But they are partly offset by higher debt interest and a prudently larger contingency reserve. The important point is that the Chancellor is hoping to obtain an extra £0.7bn of volume cuts by not adjusting the cash limits completely for increased public sector pay and other price increases. All in all, the new cuts are worth about £1bn in actual money for the coming year.

More important than any comparisons with what Labour would have done, or what Sir Geoffrey was planning in November, is the spending course actually planned. The proper way to assess this is to take into account the relative price effect—that is the differential increase of public sector costs compared with private ones. In 1980-81 this is estimated to add 0.7 per cent to public sector costs; and the result as shown in the last line of the main table is an £0.2bn rise in the cost of public spending—and also a rise in the proportion it bears to the GDP. This is not a tragedy in a recession year. The cost of public spending, adjusted for inflation, will still be below the peak reached in 1974-75.

In later years the relative price effect is assumed to be negative — i.e., public sector costs will rise less than private. This is partly because of North Sea effects and partly because of the very low growth assumed for private sector productivity. In any case the cost of public expenditure is assumed to start falling again in the three years after 1980-81 by about 4 per cent in all. Allowing for slippage, human nature, oil revenues and the next Election, Treasury Ministers would be well advised to insist on this path even if privately they would be satisfied with a broad stabilisation.

It would incidentally be a bad mistake to carry out the hint in the Public Expenditure White Paper of dropping the fourth year estimate. It is important that ventures such as Concorde, which have long-objective spending effects should be fully and publicly costed; and projections should also be made for foreseeable changes, for instance, in the age of the population.

But the later years can certainly be left untidy at the edges. There is no need to pretend to have taken decisions simply for the sake of a spurious consistency. Presentation will be helped enormously—and the number of confusing tables reduced—if the Public Expenditure White Paper can be merged with the Financial Statement. We would then have a Budget in the true sense without having to depend on accident of timing.

Samuel Brittan

PUBLIC SPENDING CHANGES
Compared with Nov. 1979 White Paper

£m at 1979 survey prices	1980-81
1 Defence	−65
2 Overseas aid and other overseas services:	
Overseas aid	−3
EEC contributions	+24
Other overseas services	−3
3 Agriculture, fisheries, food and forestry	−116
4 Industry, energy, trade and employment	+122
5 Government lending to nationalised industries	−200
6 Roads and transport	−4
7 Housing	−378
8 Other environmental services	−21
9 Law, order and protective services	−12
10 Education and science, arts and libraries	−21
11 Health and personal social services	+8
12 Social security	+65
13 Other public services	−18
14 Common services	−22
15 Northern Ireland	−14
Total programmes	−678
Contingency reserve	+250
Debt interest	+300
Total public expenditure, before shortfall and special sales of assets	−128
Programmes and contingency reserve	−428
Net overseas and market borrowing of nationalised industries	+100
Special sales of assets	—
Planning total	−328
General allowance for shortfall	—
Planning total after shortfall	−328

PUBLIC EXPENDITURE BY PROGRAMME IN COST TERMS
(At 1978-79 prices, including the relative price effect—£m)

	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Defence	7,279	7,482	7,651	7,452	7,470	7,850	8,100
Overseas aid and other overseas services	1,234	1,023	1,290	1,729	1,834	1,920	1,910
Agriculture, fisheries, food and forestry	2,236	2,067	1,293	992	822	850	790
Industry, energy, trade and employment*	5,055	4,167	3,822	2,502	3,136	2,920	2,970
Government lending to nationalised industries	1,192	1,458	353	−239	693	1,900	700
Roads and transport	3,722	2,782	3,430	2,988	2,930	3,000	2,850
Housing	7,687	6,247	6,045	5,153	4,931	5,000	4,270
Other environmental services	3,631	3,736	3,386	3,152	3,275	3,180	3,190
Law, order and protective services	2,091	2,222	2,256	2,132	2,215	2,480	2,570
Education and science, arts and libraries	10,024	10,133	10,064	9,354	9,414	9,320	9,210
Health and personal social services	8,272	8,750	8,825	8,597	8,926	8,830	9,190
Social security	12,227	13,273	13,925	14,725	15,921	16,300	16,620
Other public services	969	1,132	1,054	968	940	1,000	1,020
Common services	886	1,008	1,002	959	959	980	1,000
Northern Ireland	1,855	1,996	2,017	1,990	2,168	2,110	2,080
Total programmes*	68,359	68,475	66,413	62,454	65,654	67,650	66,470
Contingency reserve	—	—	—	—	—	80	950
Debt interest	1,116	1,353	1,758	2,046	2,520	2,830	3,000
Total in cost terms	69,475	69,828	68,171	64,500	68,174	70,560	70,420
Less relative price effect	1,200	500	1,050	—	—	−550	—
Total in volume terms at 1978-79 prices (rounded	68,300	69,300	67,100	64,500	68,200	71,100	70,400
Change in relative price effect over previous year	—	−700	550	−1,050	—	−550	+550
Relative price change over previou year (per cent)	—	−1.0	+0.8	−1.5	—	−0.7	+0.7
Total as defined for calculating ratio to GDP in cost terms (rounded)†	70,850	70,600	69,750	64,900	68,600	68,800	69,000

* Includes purchase of BP shares in 1974-75, but excludes sales of BP shares in 1977-78 and 1978-80.
† Comprises total programmes, contingency reserve, debt interest, net overseas and market borrowing by nationalised industries, special sales of assets and shortfall.

Letters to the Editor

Industrial Relations

From the Director-General, Confederation of British Industry

Sir,—Mr. Herman Rebhan (March 25) is deluding himself if he thinks that the 1974 style of so-called "industrial democracy" would have resulted in a greater sens eof partnership in British industry. It would not. Members of the Confederation of British Industry are all in favour of *creating a greater* sense of involvement among their employees, as they showed *so enthusiastically at our annual* conference in Birmingham last November. But this has to be *done on a voluntary basis, from* the bottom up.

All British industrial relations—unlike those on the Continent with which Mr. Rebhan is probably more familiar—is still based on the voluntary system. Appointing trade union representatives to Britain's boardrooms on a compulsory basis would solve no problems. It would create more, because, as has been shown from "worker director" experiments in the nationalised industries, these people tend to become isolated from those they are supposed to represent.

Improved in-company communications are essential to creating a greater sense of involvement. British industry is working hard at this, but there is still a long way to go.

The weakness of the trade union movement stems from the fact that there are too many ill-organised trade unions in this country—we have more than a hundred, the Germans have 16—and not enough full-time professional officials to run them. This has inevitably meant that power has been pushed down to the shop-floor to stewards who are often ill-equipped to exercise it. Full-time officials are unable responsibly to lead their members, as was shown in the road haulage strike last year. So the trade union movement too has a big communications problem on its hands, the solution of which will be in the national interest.

(Sir) John Methven,
CBI,
21, Tothill Street, SW1.

Importance of stock control

From the Finance and Planning Director, Tate and Lyle

Sir,—Mr. Grubb (March 22) in his comments on your most interesting survey of March 12, feels that the three companies interviewed including Tate and Lyle fail to give sufficient *importance to stock control.*

It is difficult to see how Mr. Grubb reached this conclusion from your articles. All three companies mentioned control of working capital, and stocks are only one (albeit important) component of this. Our own concern and efforts to minimise working capital have certainly included reviews of stock requirements.

It is interesting to note that our achievements in this area are limited by the EEC. By far the largest single item of stock in Tate and Lyle is sugar for the UK market, of which we are forced by EEC regulations to hold at all times not less than 10 per cent of the previous 12 months' refinery throughput. This may be a sensible practice for the EEC's beet processors with their seasonal patterns but is not relevant to our business of refining cane sugar—which is a continuous process operation. We are making active representations to the Commission for this to be altered.

J. Forbes.
Tate and Lyle,
Sugar Quay,
Lower Thames Street, EC3.

Prerogative of management

From the Director of Technology, Northern Telecom (UK).

Sir,—With reference to the article (March 17) by Professor Houlden and Mr. Hill on the missing link in the engineer's armoury.

The views expressed are undoubtedly important. In my experience, however, engineers rarely enjoy the luxury of "their largely scientific discipline" in which "quantification is relatively easy."

The essence of a mature engineer's skill lies, in my view, in his ability to make and execute technically sound decisions in the absence of full technical information while constrained by all the unscientific issues identified by the writers as the prerogative of business and management.

To make these judgmental decisions, I believe the engineer must first be very expert and very confident in his technical *background.* UK engineering training courses are perilously short already. Please do not *dilute them* by introducing management concepts at the expense of courses which *provide the firm* base for professional competence acquired in the first previous years as a *practising engineer.*

Kenneth H. Edwards,
Northern Telecom (UK),
Ventura House,
72-74 Station Road,
Hayes, Middlesex.

Engineers' education

From Prof. R. Beresford Dew

Sir, — Professor Houlden's critique of the Finniston report underlines the need for the engineer of the future to be instructed in the arts and sciences of management. As the report makes all too clear, without engineers our industries must dwindle and industry needs many more talented and skilled engineers. But, *there is a world* of difference between the talents needed for design, for invention, for experiment, even for development, and those needed to control resources of plant, materials, money and men to produce a product that a customer *is prepared* to buy.

In the technical and scientific *sense* our engineers are, in fact, *highly regarded internationally.* The difficulty we experience is in exploiting the genius of our engineers in effective and profitable production. The report can hardly be blamed for not offering all the solutions, but by its concentration on the need for higher *training in engineering* as such, it does not perhaps sufficiently stress our need for a vast increase in the number *of* engineers in management, for which education and experience are both prerequisites.

It must at once be added that if the flow of talented students in the UK continues to be towards the law, medicine, the civil service, accounting, as at present, rather than into industrial management, then we must experience the standards of management that we deserve. Until industry is attractive, even the graduates of our management schools will prefer other careers. Our industrial management is in the difficult position of facing limitless prospects of confrontation. Only those managers who provide leadership and inspiration and can communicate, and know the difference between economic and other kinds of failure and success, can hope to succeed. But, this being so, our engineer's education should prepare him for survival in the lawless jungle which we have created for him. The key is, as always, the human element. The report offers half of the solution. So far so good — but much more is needed.

(Prof.) R. Beresford Dew.
The University of Manchester Institute of Science and Technology.
PO Box 88, Manchester.

A commercial vacuum

From Mr. C. Peto

Sir,—Mr. J. Anderson (March 19) is quite right to stress that orders in the steel industry can only be taken "when the whole enterprise works to the same goal." Indeed, the origins of the strike provide ample evidence that this is necessary.

An offer was made last summer which had then to be revised in view of British Steel Corporation's deteriorating financial position. In addition, widespread closures were announced. The unions felt they had been misled but management stood its ground and the men were called out.

Those who *manage* would clearly be abdicating their responsibilities if they agreed *spontaneously to any demands,* however unrealistic these may be within the context of declining *profits.* But at the same time it makes little sense for management alone to be aware of market realities *when it is* the productivity of its workforce which it is concerned to increase.

It would be interesting to calculate how many stoppages result from a simple failure of communication. The unions *seem* unwilling to learn that they cannot negotiate in a commercial vacuum; yet equally, it *still does not seem to be* standard practice for management to discuss targets on a regular basis with those responsible for achieving them. If it were, and if these targets had subsequently to be scaled upwards, at least the workforce would be able to see for itself why a higher output was being demanded of it.

Such a dialogue, if genuine and sustained, would yield several advantages. A steelworker would be much less likely to believe that management's priorities were not his own, and that his wage, job and livelihood bore no relation to the international performance of British Steel. He would be less suspicious of productivity deals and more reluctant to strike. For its part, management could not be accused of *inconsistency* if any change of policy had been carefully explained in advance.

In this way we would stand a better chance of burying the antiquated notion that there are somehow "two sides" of industry, each with its own quite separate set of interests. As long as this belief persists, we cannot hope to regain our competitiveness abroad.

Christopher Peto.
94, Avenue Huysmans,
1050 Brussels,
Belgium.

Private medical cover

From the Director, Remuneration Services, Keyser Ullmann

Sir,—Mr. Koops (March 21) is misleading when he states that it costs the employee less if medical insurance cover is purchased by the employer.

He argues that, for the individual subject to a marginal tax rate of 40 per cent and with premiums of £100 per annum, the cost is £100 plus tax of £40, implying a total cost of £140. For the employee paying the premium himself he argues he needs £167 to give him, after tax, £100 to pay the premium.

What Mr. Koops has failed to spot is that, for the employee to have £40 to pay the tax bill, he needs a gross income of £67 —so that the total cost is £167 in both instances.

The employee whose employer pays the premiums does, however, enjoy useful advantages. The financial terms the employer enjoys are usually better because the employer may well undertake to arrange for a group of 50 or more employees to join. The cover provided is also normally better than that an individual can obtain even through a group discount scheme. Admission of those with a poorer health record may be easier. Benefits may be inflation proofed for a period of two years.

A. W. Vernon-Harcourt,
25, Milk Street, EC2.

Abandoned rates revaluation

From Mr. N. Owen

Sir,—I read with interest (March 25) the article by Robin Pauley stressing the problems of small businesses hit by rate increases. The arguments put forward by Messrs. Coopers and Lybrand and the London Chamber of Commerce are indeed cogent but I believe that there is a third fundamental reason why a rating revaluation should be announced urgently and renewed regularly if only for commercial property.

The Conservative Government claimed a saving of some £5m when Mr. Michael Heseltine *announced the abandonment of* the proposed rating revaluation. I believe that this claim can be *fairly* challenged and indeed think that local authorities may actually be losing more money than the Inland Revenue is saving.

With the current rate year drawing to a close the volume of new instructions to lodge appeals against assessments is now higher than at any time since the 1973 revaluation. A large percentage of this work is caused by frustration at the inequalities that inevitably arise from delayed revaluation and high rate poundage. Corporate occupiers do not have votes in local council elections.

Looking back at the volume of appeal instructions received since the election of the Conservative Government we conclude that on this work we will have *saved our clients ovre £1m in* the current rate year. Of course this saving is perpetuated from year to year. *It is not hard to* see why the losses to local authorities arising from instructions *to my firm and to other* chartered surveyors far exceed the savings to the Inland Revenue.

N. A. S. Owen.
Herring Son and Daw,
26-28 Sackville St., W1.

Three fewer forms

From Mr. A. Snowden

Sir,—Over the past few years I have read many reports on how Governments and large industries are going to help small companies regarding finance. I am just one of those small companies which is expanding and creating jobs. But in each move I make the company suffers a cash flow problem. I must admit the banks have been helpful but as they state, they are not able or unable to provide risk capital. There is one way which the Government could help, this would be to allow certain companies to retain the collected VAT and make one payment a year instead of four quarterly payments, thus allowing an interest free loan during the year.

This would be an easy way the Government could help small companies. Not only would we benefit from the loan, we would rid ourselves of three less forms to fill in, plus if most small companies are like mine, the amount we pay into the VAT office each quarter is not excessive, in fact it must cost more to collect, but it would give that extra working capital that I am always looking for.

I know the tax people are going to throw their hands up in horror at this suggestion to allow a company to have 12 months' credit. But I have always been trusted and collected the VAT and paid my quarterly amount. In fact when I have had a slow payer I have to pay *the VAT for them, for which I* do not charge interest.

Also if we only have one VAT *form a year I wonder how many* less VAT men we would need!

Alan Snowden.
200-204, Bypass Road,
Chilwell, Nottingham.

The Boojum and borrowing

From Mr. D. Damant.

Sir,—In his Lombard columns of last Thursday and Friday Anthony Harris makes some telling points about the public sector borrowing requirement. His literary illusions, however, are less exact.

In the Mask of Balliol it was *not Curzon but the Master of* that College, Jowett, who was said to claim that "what I don't know isn't knowledge." It was the Baker, not a Snark or a Boojum who softly and silently vanished away.

"This Snark," says Mr. Harris, "quite obstinately is not a Boojum." But the Snark was a desirable thing, which is why it was being hunted. It was the Boojum which had disastrous results, like the public sector borrowing requirement.

D. C. Damant,
Clive Investments,
1, Royal Exchange Avenue, EC3.

GENERAL

UK: Mr. Helmut Schmidt, West German Chancellor, meets Mrs. Margaret Thatcher at Chequers.

Mr. Gordon Borrie, Director General of Fair Trading, speaks at motor trade seminar, London.

Mr. Douglas Hurd, Foreign Office Minister, speaks at Conservative Students conference, Loughborough University.

Mr. Michael Foot, Opposition deputy leader, speaks at Greenford, Middx.

Viscount Etienne Davignon, Common Market Commissioner for Industry, speaks at Victoria Mills, Shipley.

National and Local Government Officers Association pay peace talks.

Today's Events

Princess Anne opens the London Transport Museum, Covent Garden.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

COMPANY MEETINGS

Anglo African Finance, Union Mill, Arrow Street, Bolton, Lancs., 1.30. Associated Paper, Great Eastern Hotel, Bishopsgate, EC, 12.30. Arden and Cobden Hotels, Cobden Hotel, Hagley Road, Birmingham, 12.15. Bournemouth and District Water, 128, Queen Victoria Street, EC, 12. Dewhurst Dent, Union Mill, Vernon Street, Bolton, 12. Folkestone and District Water, The Cherry Garden, Cherry Garden Lane, Folkestone, Kent, 12. GRA Property Trust, White City Stadium, Wood Lane, W, 11. Heavitree Brewery, Countess Weir Hotel, 398 Topsham Road, Devon, 11.30. Hirst and Mallison, Queens Hotel, Leeds, 11.30. Howard Machinery, Sproughton, Ipswich, 12.15. Scottish United Investors, 37 Renfield Street, Glasgow, 11. Sutton District Water, 59 Gander Green Lane, Cheam, Surrey, 12.30. Wagon Finance, Royal Victoria Hotel, Sheffield, 12. Ward Holdings, Winchester House, 100 Old Broad Street, EC, 2.30. Thos. Witter, Withnell House, Bury Lane, Withnell, nr. Chorley, 12.

UK COMPANY NEWS

UK loss leaves Lucas profits almost halved

A UK loss of £1.6m has left taxable profits of Lucas Industries, vehicle and aircraft accessory manufacturer, virtually halved at £12.32m for the six months ended January 31, 1980, compared with £24.09m.

Turnover totalled £627m, a rise of £56m, of which external sales amounted to £567.15m (£510.14m). Direct exports from the UK continued to grow and at £101m were £15m higher.

There are now some indications of a recovery from the difficult conditions the group experienced in the UK, but stable industrial relations will be essential, directors state, to achieve a more satisfactory performance.

For the whole of the 1978/79 year group profits were £70.74m.

Stated first-half earnings are well down at 5.9p (18.89p) per £1 share and the interim dividend is 2.6p (2.5674p)—last year's final payment was 8.4326p.

The UK result was seriously affected by the engineering dispute last year, which cost the group some £20m in profits, and demand in the UK was reduced by a number of other industrial disputes in the motor industry.

Despite a competitive pressure on UK export prices, the group has succeeded in obtaining new contracts, which include the large contract to supply fuel injection equipment to the U.S.

The aircraft equipment subsidiary is now performing better, directors say, and has an order book of over £300m.

The group's overseas companies produced better results, they add, despite a translation reduction of £3.25m because of the stronger sterling rate.

Profits were struck after depreciation of £15.04m (£13.21m), interest amounting to £7.21m (£5.84m) and were subject to tax of £5.67m against £5.81m.

The attributable balance emerged at £5.61m (£17.75m), after minorities of £1.04m, compared with £0.53m. Interim dividend will absorb £2.47m (£2.41m).

Research and development expenditure incurred during the six months totalled £25m (£19.5m).

See Lex

HIGHLIGHTS

Lex looks at the market in the aftermath of the Budget. As predicted equities have had a sharp reversal and the gilt-edged market is drifting uneasily just below the levels of where the tap stocks might come into play. Equity sentiment was not helped by some very poor figures from Lucas Industries, cruelly hit by the engineering strike and very weak demand for components for the UK car industry. But the second half should be much better. House of Fraser has raised its dividend payment despite the fall in full year profits and Alexander Howden has achieved its earlier forecast of a partial recovery after the severe 1978 setback. On the inside pages several companies come in for comment including the results from Carpets International where profits are more than halved.

Leyland Paints shortfall

As expected at the interim stage, pre-tax profits of Leyland Paint and Wallpaper were down for the whole of 1979, from £2.55m to £1.65m. Turnover increased by £5.52m to £36.66m.

At halfway profits had dropped from £1.15m to £582,000.

The directors say that while paint sales were satisfactory, demand for wallcoverings in the home credit market did not recover to the extent anticipated, and export margins continued to be affected by strong sterling.

	1979 £000	1978 £000
Turnover	36,664	31,147
Home	30,025	24,844
Export	6,639	6,303
Trading profit	2,162	2,875
Interest	483	324
Pre-tax profits	†1,679	2,551
Tax credit	376	*599
Net profit	2,055	1,952
Extraord. debit	†227	‡41
Leaving	1,828	1,993
To cap. reserve	10	§41
Dividends	477	481
Retained	1,341	1,853

* Charge. † Comprised of £237,000 goodwill written off, and £10,000 net profit on property sale. ‡ Credit. § From reserves.

Turnover in the first months of the current year is well ahead, they state, and the retail division will have the full benefit of the Beckwith and Webster outlets together with the more recent acquisition, Warrington Colourway. However, they feel that forecasting profitability in the present unsettled economic climate is hazardous and could be misleading.

Pre-tax figure for 1979 was struck after higher interest of £483,000 against £324,000 but was before a tax credit of £376,000 (£599,000 charge) which left net profits ahead at £2.06m (£1.95m).

Stated earnings per 25p share are 12.9p (12.3p) and the dividend is 3p compared with an adjusted 3.03635p, with a final payment of 2p.

Friedland Doggart downturn

FOLLOWING a static first half, with profits at £505,000 against £507,000, Friedland Doggart Group, finished 1979 with a taxable surplus behind at £1.48m, against £1.77m.

Tax for the full period took £622,000 (£935,000) and £190,000 (£115,000) went to inflation reserve.

Earnings per 25p share are shown as 14.05p (13.56p) and a final of 2.7p lifts the total dividend to 4.45p, compared with 3.4918p.

The group manufactures domestic and industrial sound signalling equipment, injection and compression mouldings and plastic toys.

Strong finish but House of Fraser slips £3.3m

DESPITE increased fourth quarter profits of £26.53m, against £25.3m, House of Fraser failed to recover ground lost in the first 39 weeks and finished the year to January 26, 1980, with a pre-tax surplus down from £40.49m to £37.15m.

A final of 4p lifts the dividend to 6p net compared with last year's total of 4.4359p after adjustment for the one-for-five scrip issue.

Turnover of the department stores group rose from £568.64m to £626.88m, excluding VAT of £72.93m (£45.44m).

Trading profits, before depreciation of £8.48m (£7.54m) were slightly higher at £53.03m (£52.06m), but increased net interest charges of £8.13m (£5.55m) left the operating surplus lower at £36.42m (£38.97m).

There were associates' profits of £800,000 (£670,000) and a surplus on the sale of properties and investments less currency losses of £1.41m (£2.44m).

A sum of £1.49m (£1.59m) is allocated to the employees' profit-linked share plan to subscribe for 1.1m new ordinary shares of 25p at a price of 135p per share. These will not rank for the proposed final dividend.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
APV	5.6	—	4.25	8.4	6.48
Arncliffe	1.54	—	2.01	2.66	2.01
Assoc. Book Pubs.	4.7	—	3.23	7.5	5.13
Sidney Banks ......int.	1.75	May 16	1.5	—	4.5
Arthur Bell ......int.	2.12	June 2	1.77	—	5.29
Bestobell	6.5	June 5	5.83	11	9.61
Blue Bird ......int.	1.45	April 24	1.26	—	3.78
Brit. Mohair Spinners	2.81	May 23	2.34	3.77	3.14
Carpets Intl.	0.75	May 27	3.33	2.5	5
Centrovincial ......int.	1	May 27	—	—	1.35
Charterhouse	2.5	May 30	0.92§	4.1	4.61§
Coates Brothers	2.12	—	1.73	3	2.6
Friedland Doggart	2.7	May 19	2.15	4.45	3.49
House of Fraser	4	July 4	2.86*	6	4.44*
Alexander Howden	3.5	May 19	4.5	7	7
Percy Lane	1	June 2	2.11	1.75	3.31
Leyland Paint	2	July 4	1	3	3.04*
Lucas Inds. ......int.	2.6	May 15	2.57	—	11
Manders (Holdings)	3.2	—	2.41	4.4	3.31
Mixconcrete	2.5	April 30	2.14	4.05	3.57
Municipal Properties	6.5	—	5.61	6.5	5.61
Ofrex Group	3	May 22	2.39	4.4	3.6
Austin Reed	3.51‡	July 1	2.9*	4.8	4*
Samuel Properties ...int.	1.1	July 2	1	—	3.5
Thurgar Bardex	0.6	May 1	0.35*	0.9	0.57*
Western Motor	Nil	—	1.46	1	2.46
Yorkshire Chemicals	2.45	—	2.44	4.85	4.84
Wolf Electric Tools	1.9	—	0.79	2.75	1.48

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout. § For 15 months.

Oil side boosts Charterhouse

OIL REVENUE boosted the Charterhouse Group in 1979 and net profits reached £8.82m, better than expected at the interim stage. This compares with £7.79m for the previous 15 months, or £6.46m on an annualised basis.

Trading profits of the oil exploration and production side surged from £655,000 to £3.44m. The directors say the Thistle oilfield has progressively come into fuller production, and the group also benefited from higher oil prices.

This jump, together with improved contributions from development capital and distribution and services activities, helped take pre-tax profits to £10.35m, against £11.36m (£9.45m annualised).

Profits of Charterhouse Japhet, which were not included in the pre-tax surplus, advanced to £1.39m, compared with £949,000 (£839,000 annualised) after tax and transfer to inner reserve.

The substantial increase in the demand for precious metals towards the end of the year made a valuable contribution to the bank's disclosed profits improvement, the directors say.

	1979 12 mths. £000	1978 15 mths. £000
Trading profit	18,682	18,660
Dev. capital	3,581	3,823
Ins. broking4J rETANIO		
Insurance broking	1,481	2,414
Manufacturing	5,680	7,421
Distrib. and services	5,536	5,771
Oil	3,439	665
Central services	1,135	1,434
Interest	8,236	7,291
Profit before tax*	10,346	11,359
Tax	2,646	3,627
Minorities	264	894
Bank profit†	1,388	949
Group net profit	8,824	7,787
Currency trnsltn. profit	186	‡793
Extraord. profit	1,155	‡1,523
Dividends	4,085	4,433
Retained	6,080	1,038

* Excluding bank. † After tax and transfer to inner reserve. ‡ Loss.

A net final dividend of 2.5p gives a total of 4.1p for the year. This compares with 4.6131p for the previous 15 months, annualised to 3.69p. Earnings per 25p are shown ahead to 9.25p, against 8.276p (6.86p).

Tax too £2.65m (£3.63m), including a sharply reduced UK charge of £525,000 (£2.15m) but a substantially higher overseas one of £1.19m (£643,000).

The directors explain that the successful flotation of Spring Grove subsidiary last December resulted in a capital profit against which the group was able to use corporation tax losses, so reducing the overall charge.

There were currency translation profits of £186,000, against £793,000 losses. Extraordinary credits amounted to £1.16m (£1.52m debits).

● comment

Using dollars to invest in oil has given a fillip to earnings at Charterhouse. Not only has the Thistle field started spouting money, but the group can show a rare p and 1 feature for 1979 of currency translation gains. On the trading side, the £15m or so tied up in development capital has given a handsome 24 per cent return, to offset an insurance broking downturn. Manufacturing has unsurprisingly lost ground in a year of engine ring and haulage disruptions, though mitigated by gains on the construction side. At the Charterhouse Japhet banking subsidiary, precious metal prices boosted dealing margins. Although there is an undisclosed transfer to inner reserves, this probably leaves the year-on-year figures comparable for assessing profits growth. The flotation of Spring Grove yielded the extraordinary capital profit, and has helped being the debt/equity ratio to significantly below 1978s 1.1. The p/e on stated earnings is 7.4, with a historic yield of 8.5 per cent at 71p, up 2p.

Mixconcrete moves up to £2.3m

PRE-TAX profits of Mixconcrete (Holdings), building materials group, have finished the November 30, 1979, year ahead at £2.31m, against £2.07m, with a second half jump from £1.44m to £2.06m.

Turnover expanded to £40.13m compared with £34.1m.

Last August the directors said that with demand being buoyant, and given reasonable weather during the final quarter, results for the full year should compare favourably with those for 1977-78.

Year-end earnings per 25p share are shown as 11.51p (10.63p) and the dividend is stepped up to 4.05p (3.5671p) net with a final of 2.5p.

Profits were struck after interest, up from £204,609 to £346,282, and were subject to tax charge of £1.29m, against £1.09m.

There were minority losses of £38,961 (nil) and an extraordinary credit amounting to £399,797 (nil). The retained balance came out at £1.08m (£647,822).

Western Motors suffers heavy second-half losses—no final

A FIRST-HALF pre-tax profit down from £560,000 to £467,000 turned into a year-end loss of £366,112 for Western Motor Holdings, the Devon BL and Vauxhall motor trader. This was after interest up from £435,276 to £741,651 and depreciation at £986,273 against £774,565. In the previous full year, there was a pre-tax profit of £240,276.

There was a loss per 25p share of 14.6p against earnings of 5.88p, and no final dividend will be paid—the interim was an unchanged 1p. Last year's total was 2.45771p. Tax was increased from £13,238 to £24,912.

Mr. J. R. Smyth, the chairman, says the retail motor trade had a better year than in 1978, but the car delivery division made a substantial loss. Management accounts indicate that all sections of the group have traded profitably in the first two months of the current year, but with high interest rates and the poor economic scene, the outlook for the year is not bright.

He says that as the group is so heavily committed to the motor trade, the board are looking for opportunities for diversification, although initially these will not be on a large scale.

Turnover during the year improved from £27.34m to £31.54m.

● comment

Two shocks in successive days will not have done a troubled motor distribution sector any good whatsoever. Forecasts for all BL franchisees will have been marked heavily down after the Appleyard upset but the hefty deficit at Western Motor is a direct result of a steep decline to a loss of £480,000 in the car delivery division. After a £250,000 profit in the first half of 1979, car delivery suffered its usual difficulties in the second six months which were exacerbated by the 16 week early autumn strike at Vauxhall's Port Ellesmere works. Yet the distributorships, primarily BL, have not done so badly. New car volume may have fallen a little but sales of used cars responded to an all-out attempt to boost volume which climbed by a tenth to 2,550 units. The upshot is a profit rise from £73,000 to £188,000. Western Motor is now saying that the first two months of 1980 have produced a profit but that was obviously insufficient to halt the 13p share price slide yesterday to 85p. The final dividend has, after all, been passed, gearing is very high and the massive depreciation charge (reflecting new commercial vehicle prices) is not about to come down. Significant diversification into the leisure industry is a long way ahead.

Slowdown at Austin Reed

SECOND-HALF results of Austin Reed Group were not up to the directors' expectations because of the effects of increased VAT and high interest rates, and profits for that period slipped from £2.2m to £1.98m.

However, the pre-tax surplus of the menswear retailer and manufacturer was marginally higher for the year to January 31, 1980, at £3.29m, against £3.22m.

Turnover improved from £38.29m to £41.34m. A fall of £1.27m to £6.46m in sales to retail customers overseas reflects the closure of three stores during the previous year, the directors say.

The total dividend is effectively raised from 4p to 4.8p gross, with a final of 3.514286p. Stated earnings per 25p share are down from 13.3p to 12.3p.

Along with the results, the group has announced that it has entered into a sale and leaseback transaction for its retail store in Buchanan Street, Glasgow.

The rent payable will be £100,000 a year and the sale price of £2.4m will be used to reduce group borrowings.

Problems may increase for CU

The problems faced by Commercial Union Assurance Co in 1979 are expected to continue and may well be even greater in the immediate future. Even so Sir Francis Sandilands, the chairman, says he is confident that in the longer run the current adverse market trends will be reversed.

"This will happen all the sooner if, as I believe, the world-wide economic recession begins to be reflected in a slowing down of growth in investment income which hitherto has provided too soft a cushion against losses incurred on underwriting."

Commenting on the worsening trends in underwriting he says that profitable results will only be obtained through the restoration of underwriting standards which enable premiums to rise to a level at least in line with inflation. However he sees few signs of an early return to a responsible market in this respect.

The dilemma is that the growth in premium income necessary to offset the effects of inflation cannot at present be secured without acceptance of lower underwriting standards, which would mean that the beneficial effect on costs would be more than offset by further deterioration in claims experience.

He says the company has developed practical planning procedures for attaining controlled growth which are beginning to prove themselves in practice. In this it is already seeing the benefits of investment in sophisticated data processing systems.

Taxable profit for 1979, as known dipped 3 per cent from £142.2m to £137.6m after a £21.3m underwriting loss (£2.9m profit).

During the year non-life borrowings were reduced by £79.4m to £134.8m and the debt to equity ratio improved from 33 per cent to 19 per cent.

This resulted from repayment of £26m borrowings following the sale of various European properties and a final repayment of £19.7m in connection with the mortgage on the Boston building.

JANTAR

Jantar has received, from Nigeria, half the proceeds of the compulsory sale of its shares to Nigerian Mining Corporation in July, 1978, amounting to £59,000.

As a result of this, and because of an improvement in group activities, the directors intend to pay a dividend for 1979—none has been paid since 1967.

Coates Bros. profit cut

DESPITE £135,000 growth in the second half Coates Brothers and Company finished 1979 with total taxable profit 9.8 per cent lower at £8.5m against £9.42m. Sales were up from £87.71m to £95.34m.

The setback for the company, which makes inks and supplies for the printing industry, came in the UK where disruption caused by bad weather and industrial disputes in the early months of the year was followed by a slackening of demand especially towards the end of the 12 months.

By contrast overseas operations showed a steady improvement throughout 1979 and, though the pound was strong, lifted their contribution in sterling terms.

With the tax charge down from £4.4m to £3.87m stated earnings per 25p share emerged 1.02p lower at 10.66p. However, in the light of the removal of dividend restraint, the net total dividend is being stepped up to 3p (2.59611p) by a 2.12p final.

Though capital spending continued at a high level, group liquidity was maintained and by year end net liquid funds stood at £2.3m. Provisions of £368,000 for rationalisation of production facilities have been shown as an extraordinary debit (£179,000 credit).

£1.3m drop as British Mohair fails to recover

FOLLOWING A drop in pre-tax profits from £1.34m to £915,000 in the first half, British Mohair Spinners failed to recover and at the end of the year was £1.31m lower at £1.52m after depreciation up from £359,295 to £405,515 and interest higher at £392,374 against £227,583. Turnover slipped from £25.82m to £25.53m.

After tax of £.47m (£1.49m) and extraordinary credit £90,080 (£89,854), stated earnings per 25p share are down from 11.53p to 8.92p. The final dividend is raised from 2.3426p to 2.8111p, making the total 3.7692p (3.141p).

Mr. T. W. Hibbert, who retires as chairman and director on April 25, says that sales to the home market were substantially reduced, but in spite of the stronger pound it was possible to maintain the level of export deliveries.

The company's policy of diversifying its business has proved to be very successful. At the moment, he says, there is no sign of any marked improvement in demand for mohair yarn, but the fact that the group produces speciality products is a source of strength. This will enable the group to withstand the present recession and lead to greater prosperity in the future.

Municipal Properties

After showing a slight fall from £109,786 to £107,886 at half-way, taxable profits of Municipal Properties moved ahead to finish 1979 at £260,189, compared with £197,531. Rents receivable improved from £217,505 to £247,473.

Tax for the year took £124,227 (£101,895) giving net profits up from £95,636 to £140,962. Stated earnings per 50p share rose by 9.37p to 29.13p and the dividend is lifted to 6.5p (5.605p) net.

The pre-tax result included a surplus of £67,008 (£67,901) on sales of property by the dealing subsidiary.

There was a surplus of £155,161 (£322,510) net of tax credit, on sales of property by the holding company.

Reed offshoot's chief resigns

MR. MALCOLM THOMAS, the chairman and chief executive of Wall Paper Manufacturers, a subsidiary of Reed International, has resigned after a disagreement over policy. Mr. Thomas is to remain as a director of Reed, however, until the annual general meeting on July 30 when he will not seek re-election.

Reed said yesterday that it wished to record its "appreciation for the contributions made to the company by Mr. Thomas during his 27½ years of service."

Mr. Thomas commented yesterday: "I was coming to the end of a three-year stint as chairman of the decorative products division of Reed and we simply disagreed about the way we handled certain problems."

It is understood that the policy dispute concerned some of Reed's rationalisations of its subsidiaries.

Mr. Thomas is to be succeeded as chairman by Mr. Giles Witherington, who is presently deputy chairman of Reed, and Mr. Malcolm Glenn will be managing director. Mr. Glenn will continue to be responsible for Reed's North American operations.

Centrovincial behind

A fall in income from properties is reported by Centrovincial Estates for the half-year to September 30, 1979, the figures being £1.53m against £1.81m. Pre-tax profits were also lower at £517,000 against £564,000 after an overseas loss £7,000 down at £125,000.

Interest was £1.02m (£1.53m) and there were no realised dealing profits £276,000).

However, a profit of £150,000 has been realised so far in the second half £274,000 in the full year). Tax charged was £337,000 (£362,000), and retained profits were substantially lower at £23,000 compared with £202,000.

In the UK net income from properties for the year to March 31, 1980 is expected to shshow an increase of approximately £150,000. This, says the board, is due to the results of rent reviews partially offset by the effect of sales and unlet properties.

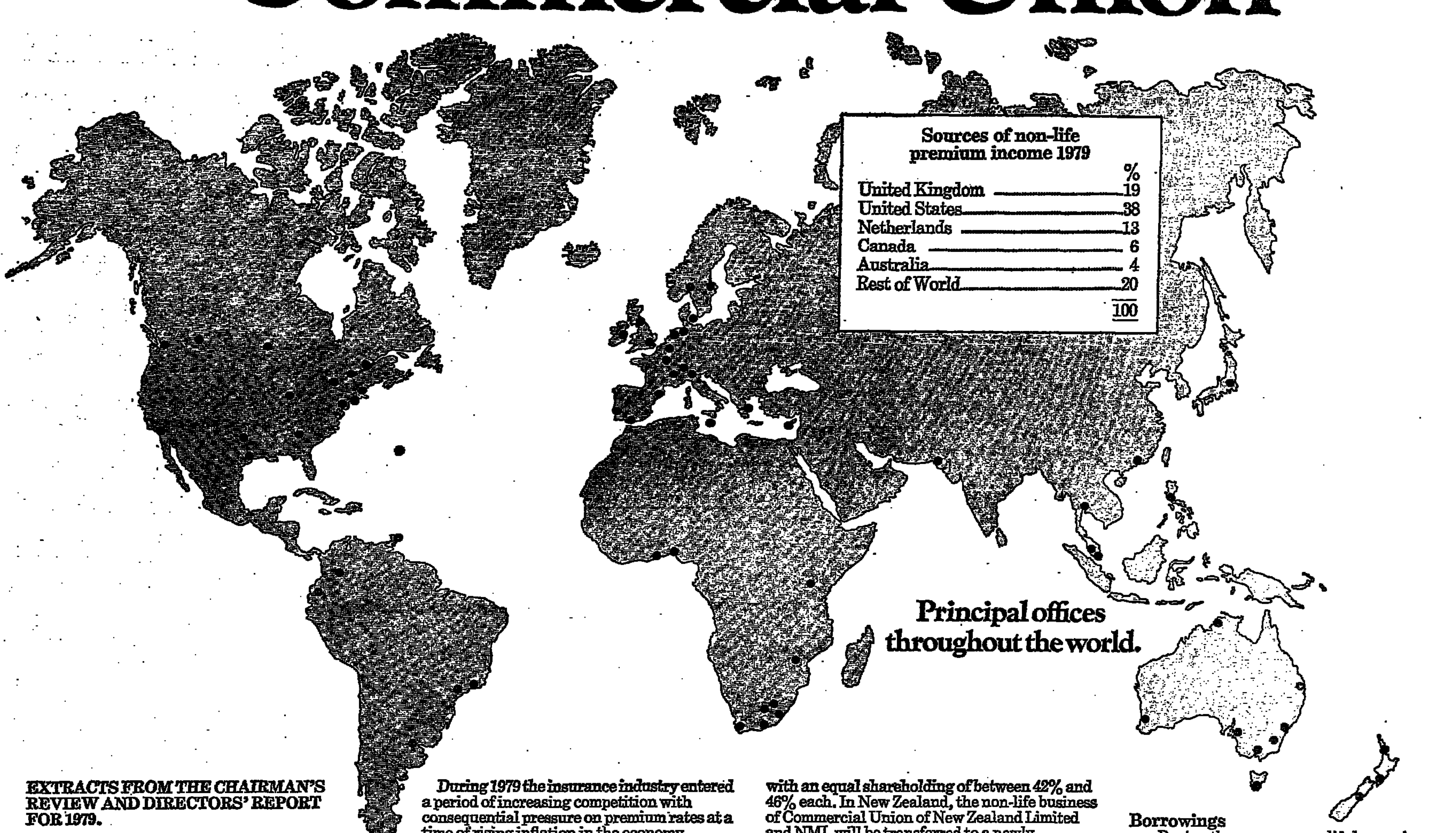
Total borrowings at March 31 will not show an material change over the position a year ago. The group has re-financed wherever possible its short-term loan position with medium-term loans. The short-term position at March 31 will be about £1m, showing a reduction of £5.25m on the previous year-end figure.

With the improved financial and profit position, the board has returned to its former practice of paying interim and final dividends, and the interim this time is 1p—last year's total was 1.35p fro mpre-tax profits of £1.28m.

SPAIN

March 27	&	+ or −
Banco Bilbao	222	
Banco Central	244	
Banco Exterior	206	
Banco Hispano	217	
Banco Ind. Cat.	130	
Banco Madrid	154	
Banco Santander	260	
Banco Urquijo	164	
Banco Vizcaya	228	
Banco Zaragoza	203	
Dragados	100	
Espanola Zinc	61	− 1
Fecsa	57.2	
Gal. Preciados	29	− 1
Hidrola	64.7	− 0.2
Iberduero	57.5	− 1
Petroleos	106.7	+ 0.5
Petroliber	59	+ 1
Sogefisa	107	
Telefonica	54.5	
Union Elect.	63.5	+ 0.5

Commercial Union



Sources of non-life premium income 1979

	%
United Kingdom	19
United States	38
Netherlands	13
Canada	6
Australia	4
Rest of World	20
	100

EXTRACTS FROM THE CHAIRMAN'S REVIEW AND DIRECTORS' REPORT FOR 1979.

Summary

The profit attributable to shareholders for 1979 (after taxation and minorities) was £91.8m compared with £87.8m for 1978. Earnings per share increased marginally to 22.34p from 21.37p in 1978.

Your directors recommend the payment of a final dividend of 5.800p (*1978 5.927p*) per share which, with the interim dividend paid in November 1979, gives a total of 9.800p (*1978 8.790p*). This represents an increase of 11.5% on the dividend paid in respect of the year ended 31 December 1978. The cost of total dividends for 1979, including preference dividends, will amount to £40.3m, leaving £51.5m to be transferred to retained profits and reserves.

World-wide non-life premium income in sterling terms increased by 4.3%, but, after *allowing for the effect* of changes in rates of exchange and the sale of a majority of our shares in former subsidiary companies in South Africa and the Republic of Ireland, which have now become associated companies, the underlying growth in premium income was 12.4%.

Investment income, net of loan interest, amounted to £141.0m (*1978 £124.3m*) representing an increase of 13.4%, but, after allowing for the effect of changes in rates of exchange and other factors, the underlying increase was 21.4%.

Life profits were higher at £16.6m compared with £15.0m in 1978.

Underwriting results deteriorated during 1979, producing a loss of £21.3m compared with a profit of £2.9m in 1978. This deterioration was largely due to our underwriting experience in the United States, where, as generally expected, results worsened. In the United Kingdom and Canada underwriting profits were achieved, but the Netherlands again sustained a substantial underwriting loss as did a number of our operations in Europe. Marine and aviation business written in the London market made a satisfactory profit of £2.5m in comparison with the unusually high profit reported in 1978 of £5.1m.

MAJOR TERRITORIES

United Kingdom

Underwriting in the UK produced a profit of £3.5m compared with £3.8m in 1978.

The dull economic conditions during the year, coupled with an excess of underwriting capacity, resulted in vigorous competition for business. This affected premium rates adversely and hence profit margins.

Despite these pressures, we achieved real growth (ie in excess of inflation) in most of the significant classes, especially fire and motor, and the total premium increase for the year was over 21%.

Fire experience was adversely affected by an increase in the number of large fires and by losses arising from bad weather which occurred at the beginning and at the end of the year. Motor business remained profitable and there was a marked improvement in the liability account.

Life profits in the UK amounted to £7.1m (*1978 £5.7m*). A valuation of the Northern Non-Participation Life Fund was carried out at 31 December 1979 and a surplus of £18m has been transferred to shareholders' funds. A profit of £6m will thus be released to the profit and loss account in each of the years 1980, 1981 and 1982 compared with £4m for each of the three years following the valuation at the end of 1976. All these amounts are net of taxation.

United States

There was an underwriting loss in the United States of £8.3m compared with a profit of £7.7m in 1978. Investment income increased to £46.5m (*1978 £44.6m*).

During 1979 the insurance industry entered a period of increasing competition with consequential pressure on premium rates at a time of rising inflation in the economy. Furthermore, industry losses from catastrophes were the highest for many years and included the cost of two severe hurricanes, David and Frederick. Accordingly, a downturn in the underwriting results of the industry occurred and we shared to some extent in this general deterioration in market experience.

Our operating ratio on a statutory basis was 102.5% (*1978 98.5%*).

We have continued to support the Independent Agency System by providing our agents with an effective means of marketing, underwriting and controlling their personal and commercial lines business. We have also improved our methods of controlling and handling claims. In general, our objective has been to provide a service to our agents of the *highest standard* with a view to developing for them, and for us, portfolios of a high quality. This policy has been well received by our agents and has contributed materially to an increase in premiums in local currency of some 13% compared with an average premium growth for the industry of about 11% during 1979. At the same time we consider our claims experience to be acceptable in present market conditions.

Australia

Underwriting experience in Australia continued to be unprofitable, producing a loss of £2.3m compared with a loss of £1.7m in 1978. Investment income was £7.0m (*1978 £7.9m*). Premium income in local currency increased by 4%.

It was announced on 13 February 1980 that we have agreed in principle with the National Mutual Life Association of Australasia Limited (NML) to integrate our general business interests in Australia and New Zealand, and to transfer to NML our life business in those countries. It is intended that NML will acquire from us such number of shares in Commercial Union Assurance Company of Australia Limited (CUA) as will leave both NML and ourselves with an equal shareholding of between 42% and 46% each. In New Zealand, the non-life business of Commercial Union of New Zealand Limited and NML will be transferred to a newly incorporated general insurance company, in which we and NML will have a 40% interest, and CUA a 20% interest. It is hoped that the above arrangements will be completed by September 1980. We believe that the association with NML will strengthen our operations and enable us to provide a more comprehensive service in *both* Australia and *New Zealand*.

Canada

The underwriting result in Canada was a *profit of £.4m (1978 £.1m). Investment income* increased to £8.8m (*1978 £8.2m*).

Competition has been intense and conditions generally have not been conducive to growth. Accordingly our premium income in local currency increased by only 2%.

Netherlands

In *the* Netherlands there was *little* change in the underwriting result of our subsidiary, Delta-Lloyd Verzekeringsgroep NV, which sustained a loss of £10.7m compared with £11.4m in 1978. Investment income increased to £20.7m (*1978 £19.6m*) and life profits were slightly higher at £8.2m (*1978 £8.0m*).

FINANCIAL

During the year there was a significant rise in the value of sterling against most other currencies, including those of the four major territories in which we operate. The effect of changes in rates of exchange reduced the profit attributable to shareholders by approximately *£5m and resulted in a reduction in shareholders'* funds of £32m. The consequent effect on our solvency margin was, however, negligible.

Exchange controls which had been in existence for some 40 years were abolished by the present Government in October 1979. Whilst the needs of British companies operating in overseas markets have been understandingly considered by the Bank of England during the existence of controls, the improved ability which we now have to plan ahead for overseas capital commitments is very welcome.

Borrowings

During the year our non-life borrowings were reduced by £79.4m to £134.8m and the debt to equity ratio (ie borrowings expressed as a percentage of shareholders' funds) fell from *33% to 19%. This reduction resulted from the* repayment of £26.0m of borrowings following the sale of various European properties, and from a final repayment of £19.7m in connection with the mortgage on the Boston building. The net effect of changes in rates of exchange was to reduce existing borrowings by £12.8m from the previous year.

CONCLUSION

The worsening trends in underwriting results – more particularly in the United States but also in the world reinsurance and marine and aviation markets – show that the current problems of the insurance industry are largely *caused by a combination of increasing* competition and inflation. Competition is continuing to force down rates of premium at the same time as inflation is pushing up the cost of claims. Profitable results will only be obtained through the restoration of underwriting standards which enable premiums to rise to a level that at least matches the effects of inflation on claims, but I see few signs of an early return to responsible market behaviour in this respect.

Inflation, of course, also has adverse effects on operating costs, and it is possible to offset these through the achievement of growth in premium income at a rate greater than the rate of inflation. The dilemma is, however, that *growth of this order cannot at present* be obtained without the acceptance of lower underwriting standards, which would mean that the beneficial effect on costs would be more than offset by further deterioration in claims experience.

Our objective must therefore be to achieve as nearly as we can a reasonable balance between these conflicting requirements. This involves careful forward planning both for the short and longer term. We have developed practical planning procedures for the attainment of controlled growth which are beginning to prove themselves in practice, and we aim to refine and improve them. In this we *are already seeing the benefits of our investment* in sophisticated data processing systems of which full advantage is being taken by our skilled management and staff both in Head *Office* and throughout the world. This *is* demonstrated by our results for the year under review, which can be regarded as satisfactory in last year's adverse market conditions.

I believe that the problems we have faced in 1979 will continue and may well be even greater in the immediate future than they have been in *the recent past*, but I am confident that in the longer run sanity will be restored and that the current adverse market trends will be reversed. This will happen all the sooner if, as I believe, the world-wide economic recession begins to be reflected in a slowing down of growth in investment income which hitherto has provided *too soft* a cushion against losses incurred on underwriting.

Against this background, we are committed to growth, but only to profitable growth, and, where we see the opportunities for this, we shall take them in 1980.

Francis Sandilands,

Chairman

RESULTS IN BRIEF

	1979 £m	1978 £m
Premium income	1,148.5	*1,100.7*
Investment income	153.6	*143.3*
Life profits	16.6	*15.0*
Underwriting result	(21.3)	*2.9*
Loan interest	(12.6)	*(19.0)*
Associated companies' earnings	1.3	—
Profit before tax	137.6	*142.2*
Taxation and minorities	(45.8)	*(54.4)*
Profit attributable to shareholders	91.8	*87.8*
Earnings per share	22.34p	*21.37p*
Dividend per share (net)	9.80p	*8.79p*
Shareholders' funds	£717m	*£646m*

CU Assurance

Commercial Union

Assurance Company Limited

Head Office: **St. Helen's, 1 Undershaft, London EC3P 3DQ**

Alex. Howden up £2.4m for year

SECOND-HALF 1979 profits at Alexander Howden Group showed a significant increase over the same period of the previous year with a rise from £6.23m to £9.03m. This more than offset the midway shortfall of £0.41m giving the insurance broking and underwriting agency concern a full year pre-tax figure of £20.12m, against £17.73m.

Yearly earnings per 10p share are stated 0.67p higher at 12.79p, while a final dividend of 3.5p (4.5p) maintains the total payout at 7p net per share, costing £5.35m (£5.88m).

Interest charges for the year increased from £1.9m to £2.4m. Tax took £8.22m (£7.56m) and after minorities, available profits emerged ahead from £10.16m to £11.59m.

Brokerage income over the year showed only a modest growth from £38.95m to £41.36m, but the increase in business, before sterling conversion, was substantially larger. The chairman believes that a return to a much higher rate of growth in brokerage income will depend largely on the timing of the eventual downturn in interest rates, while the performance of sterling against the U.S. dollar could also be important.

The group's underwriting agencies at Lloyd's had another excellent year with profits from the 1976 account at a new high. Lloyd's agencies' profits rose from £4.3m to £4.78m but the companies' contribution slipped to £4.95m (£5.2m). In 1980, the agencies are expected to produce a similar level of profitability.

Group expenses increased some 13 per cent from £39.12m to £44.22m.

High interest rates have been beneficial throughout the group, but particularly to its insurance companies, where premium income increased to £38.92m (£37.04m) and trading profits were ahead at £6.68m (£3.49m). A further increase is expected in the current year largely due to substantial interest earnings.

The group's U.S. business is progressing satisfactorily, although the excess and surplus lines market is still at the bottom of its cycle, with soaring interest rates delaying any upturn.

See Lex

Ofrex holds profit in second half for £5.04m

AFTER absorbing exchange losses of over £250,000, taxable profits of Ofrex Group rose £121,000 to a record £5.04m in 1979, and the net dividend is stepped up from 3.6p to 4.4p with a final of 3p.

The results must be considered a satisfactory performance in the light of prevailing trading conditions and the effects of high interest rates at home and abroad, states Mr. G. Drexler, chairman.

Second-half profits were virtually static at £2.66m (£2.47m).

Sales in the year advanced to £44.47m (£40.3m), leaving margins, after discounting the exchange loss, unchanged at 12 per cent.

Tax takes £2.09m, compared with £2.01m adjusted following the adoption of SSAP 15, and dividends absorb £723,000 (£596,000), leaving a retained surplus of £2.22m (£2.32m).

Earnings per 20p share are shown as 17.83p (17.6p).

● **comment**

Ofrex is reluctant to give a preliminary breakout of individual company performances. But in broad terms the office equipment side was up in 1979, industrial work was flat, with overseas operations down. The overall effect is a marginal increase in group pre-tax profits, with analysts expecting faster growth in the current year to around £5.4m. Borrowings are up by perhaps £1m, but still leaving the group under 20 per cent geared. Technological change will impact heavily on office equipment in the long term but the effect on Ofrex should be less traumatic than for many companies, since it makes only 50 per cent of the products it sells. *Future growth may prove largely* dependent on finding attractive franchises, but there is also the possibility that Ofrex's strong marketing network could make it attractive to a major office equipment manufacturer. The prospective fully-taxed p/e stands at 6.8, on a historic six per cent yield at an unchanged 109p.

Thos. W. Ward

Holders of £4,963,393 nominal of the 7½ per cent convertible unsecured loan stock 1997-2002 Thos. W. Ward intend to convert their stock into ordinary shares. This will result in the issue of 4,229,795 shares, representing an increase of 8.1 per cent in the issued ordinary capital. This leaves £4,706,313 nominal of the stock outstanding.

Thurgar Bardex downturn

TAXABLE PROFITS of Thurgar Bardex, plastic products manufacturer, fell from £449,000 to £391,000 in 1979, following the reduced mid-year surplus of £174,316, against £221,794.

Turnover rose from £5.68m to £6.54m. Tax took £40,000, compared with £29,000—SSAP 15 has been adopted and comparisons restated.

The net total dividend is effectively raised from 0.572625p to 0.9p, with a final of 0.6p. Stated earnings per 10p share are down from 4.09p to 3.42p.

Carpets Intl. makes £2m and halves dividend

TAXABLE PROFITS more than halved from £4.46m to £2.02m are reported by Carpets International for 1979, following a drop to £0.67m at halfway, against £1.33m.

And the final dividend is cut from 3.325p to 0.75p leaving the total halved at 2.5p net per 50p share.

The directors state that there has been little sign of improvement in trading conditions in the first quarter of the current year. However, they are taking active steps to improve the group's competitive position.

Turnover for 1979 was £121.63m (£115.32m) and profits were subject to tax of £0.78m (£1.04m).

At home turnover increased by £2.3m to £87m, with UK profits falling by £3.3m to £1.7m. Direct exports were down at £8.8m (£9.5m), but exports to the group's overseas subsidiaries rose £0.6m to £4.3m.

Group earnings per share are shown as 4.5p, compared with 13.4p.

During the year competition from countries with lower raw material and energy costs intensified, and this coincided with difficult economic conditions in the UK, directors explain.

They add that the group has developed a new strategy aimed at increasing market share *through a more effective* use of its combined sales and marketing resources.

In Australia, Pacific Carpets International incurred a loss of £0.4m (£1.8m), representing a significant improvement. Directors are looking to a profit from this source in 1980.

The group's balance sheet shows an increase in net borrowings limited to £1.9m; the borrowings/equity ratio was marginally higher than at the end of 1978.

The equity investment in Romatex Holdings was sold last December giving a surplus over book value of £1m, and it was deemed prudent to write down the investment in Feltex Carpets, New Zealand, by £0.2m to a book value of £1m.

The net amount of £0.8m is included in the year's extraordinary credit of £0.83m (£0.33m debit).

The retained balance at the year end was £1.31m against £1.66m.

Group fixed assets stood at £29.49m (£28.85m) and net current assets were £29.26m (£28.4m)—bank borrowings rose from £3.4m to £5.75m.

● **comment**

At a time when chronic overcapacity has led to widespread short-time working Carpets International has done well to ensure that the balance sheet has not deteriorated to any great extent. Concern however is centred mainly on the home market where there has been no let up in the flood of cheap imports, especially from the U.S. In addition it is taking much longer than expected to get any worthwhile return from the Chromotronic machine in which about £6m has been invested so far. Clearly, though, for the immediate future the most important factors will be the level of interest rates and the sterling exchange rate. For this year at least there is unlikely to be much relief so profits will most likely take another plunge although last year's modest dividend payment is probably at a maintainable level. Thereafter is the critical period when the company will have to demonstrate even keener ability to control cash flow. In the meantime the closures and redundancies at Kidderminster could prove to be just the tip of the iceberg if trading continues to worsen. At 27½p, down 3½p, the p/e on stated earnings is 5.8 while the yield is 13.6 per cent—a rating with plenty of downside potential.

S. C. Banks edges ahead to £0.57m

PRE-TAX PROFITS of Sydney C. Banks, grain merchant and seed specialist, edged ahead from £545,000 to £569,000 in the six months to November 30, 1979, on turnover £1.59m higher at £26.55m.

Lord Godber, chairman, points out that the second half will only cover five months. For this reason, coupled with the seasonal nature of group activities, the current period cannot produce the same level of results.

However, he is confident that pre-tax profits for the 11 months should equal the £711,000 achieved in the last full year.

The net interim dividend is raised from 1.5p to 1.75p—a final of 3p was paid last time. After tax of £288,000 (£194,000), half-year earnings per 25p share are given as 11.27p (11.6p).

Anglo American Corporation Group

Reviews by the Chairmen of the Transvaal gold mining companies for the year ended 31 December 1979

The following are general comments on the gold and uranium markets, mining operations and related matters taken from the annual reviews by Mr H. F. Oppenheimer, chairman of Elandsrand; Mr D. A. Etheredge, chairman of Vaal Reefs; Mr G. Langton, chairman of Western Deep Levels, Southvaal Holdings and Afrikander Lease; and Mr N. F. Oppenheimer, chairman of S.A. Land:

Summary of Operations

	Vaal Reefs 1979	Vaal Reefs 1978	Vaal Reefs South Lease Area[1] 1979	Vaal Reefs South Lease Area[1] 1978	Western Deep Levels 1979	Western Deep Levels 1978	Elandsrand[2] 1979	S.A. Land 1979	S.A. Land 1978
Gold Tons milled 000's	8 183	7 822	2 679	2 595	3 241	3 223	582	1 285[3]	965[3]
Yield-grams/ton	8.22	8.62	10.29	9.65	14.78	14.17	5.04	1.24	1.28
Production (kg)	67 282	67 438	27 560	25 034	47 890	45 657	2 931	1 595	1 236
Cost Rand/ton milled	31.88	28.68	34.40	28.66	37.15	32.67	35.49	3.17[4]	3.33[4]
Cost Rand/kg produced	3 878	3 327	3 344	2 972	2 514	2 306	7 043	2 557[4]	2 602[4]
Price Received Rand/kg	8 183	5 491	8 147	5 559	8 358	5 477	9 270	8 099	5 554
Working profit R000's	290 870	146 822	132 942	65 111	280 952	45 590	7 151	3 072[5]	2 077[5]
Royalty paid	—	—	66 976	28 233	—	—	—	—	—
Capital expenditure R000's	103 876	94 015	54 992	58 205	72 749	31 068	69 000	426	—
Tax R000's	108 678	37 137	—	—	136 001	75 492	—	2 137	1 166
Dividends cents per share	510	280	—	—	320	147.5	—	40	25
Uranium Production tons	1 273	1 060	486	335	199	183	—	—	—
Profit R000's	61 821	50 567	18 674	11 874	9 484	2 341	—	—	—

NOTES: 1. Figures included in Vaal Reefs 2. First full year of production 3. From dumps
4. Unit production cost (excluding the delivered cost of dump material) 5. After taking account of the delivered cost of dump material

GOLD

On 2nd January, 1979, the gold price, at $225 an ounce, was still recovering from the announcement by the US Treasury two months earlier that it would significantly increase the amount of gold to be auctioned as part of a dollar support programme. By 8th February, 1979, the price had risen to a new record of $254 owing to fears of oil shortages and soaring prices following the Iranian revolution. In mid-year, with further rises in the oil price, renewed fears of inflation and widespread political unrest, not only in the Middle East but also in South East Asia and South and Central America, the price of gold regained its upward momentum.

Asset protection became the major factor in the rising price of precious metals in general, rather than the weakness of the US dollar as had been the case previously. New US legislation recognised the importance of gold in investment portfolios by permitting pension and insurance funds to invest part of their assets in precious metals. Reduced Russian sales and continuing strong investment demand with no major reduction in gold fabrication accelerated the upward movement. Consequently, at the beginning of October a new record of $437 was set at the same time as the IMF met in Belgrade and studiously ignored the question of gold and its role in international monetary affairs.

The storming of the US Embassy in Teheran early in November and widespread growing anti-US sentiment, particularly in the Middle East, boosted speculative demand again and at the end of the year the price closed at $524. The Russian invasion of Afghanistan and further oil price increases thereafter caused a leap of more than $300 to a peak of $850 in only three weeks. The price is currently fluctuating between $600 and $700 with support now emerging of prices around $600. If sustained, this could augur well for our industry.

There is no doubt that the current high prices are depressing the jewellery trade partly because of consumer resistance but also because of the difficulty of financing working stocks. However, because of Intergold's activity the drop in demand is not expected to be as sharp as that which followed the rapid gold price increase in 1974. Krugerrand sales are also being adversely affected and small R1 and R2 coins are being marketed on a trial basis. Despite the drop in offtake in fabrication demand, sales of newly-mined gold are being sustained by strong investor demand.

The US Treasury sales policy is not at all clear. It appears however that unless there is a significant weakening of the dollar in exchange markets, or the US balance of payments worsens, no further sales will take place. The current IMF sales programme will come to an end in May and it is not yet known what policy will be adopted with regard to its remaining gold holdings of approximately 3 200 tons.

The past year has further entrenched the monetary role of gold in the world economy and even when the political situation is normalised in the Middle East, the price of gold is not expected to drop to last year's average level.

URANIUM

Uranium prices showed a further decline in real terms during the year and there was a marked drop in spot market activity towards the end of the year. The current surplus has been aggravated by some United States utilities which have decided to reduce their inventories either because their view of the free supply position has resulted in a change in inventory policy or because the high interest rates prevailing at present have made realisation of stock financially attractive.

The sale of this material in Europe at relatively low prices has reduced the opportunity for spot sales. The present indications are that Vaal Reefs and Western Deeps will not be able to sell their entire available production this year, increased as it will be at Vaal Reefs by the build-up to full production at the new South plant and the additional tonnage from the Afrikander Lease area and at Western Deeps by initial production from the new plant extension. Therefore whatever new spot sales are secured in 1980 by Vaal Reefs will only partially absorb production from Afrikander Lease.

Furthermore, the predicted oversupply until the mid-1980s is likely to result in a continuing drop in price in real terms. This, on the other hand, will undoubtedly cause a delay in the commissioning of some uranium mining projects currently under consideration in other Western countries. Nevertheless, our view remains unchanged that uranium and coal offer the only long-term economic solution to the shortfall in the world's energy supply. Oil is becoming prohibitively expensive as a source of general purpose energy and consequently the trend towards nuclear and coal based energy is bound to strengthen. At this stage however, because of public resistance to nuclear power, there is a definite trend towards planning for coal-fired generating capacity at the expense of possible new nuclear power plants.

LABOUR

With the upturn in the economy, the shortage of skilled workers in South Africa has been aggravated. Consequently the Government has been forced to encourage immigration, an action that will permanently remove a good number of skilled jobs from the market which could have been satisfied locally had the training of black apprentices started when the industry was pressing for this change some years ago. It is absolutely vital that the recommendations of the Wiehahn and Riekert reports on industrial relations and labour mobility be implemented so that this country should not remain dependent on immigrants to meet its skilled labour requirements in future. To achieve this the co-operation of all sectors will be required and particularly that of the trade unions, some of which have already indicated qualified support for the apprenticeship of blacks.

Mr D. A. Etheredge:

The publication of the Wiehahn and Riekert Reports on industrial relations and labour mobility were milestones in labour development in SouthAfrica. However, the Government initially adopted a cautious attitude towards the Commissions' recommendations particularly in regard to the admission of black workers to trade unions. Fortunately, it has since made important moves in this direction and seems intent on full implementation of all the recommendations, but in terms of an undefined timetable. Some matters remain to be considered by the Wiehahn Commission *which will be devoting a further report to matters concerning the* mining industry in particular. Once this has been published and the Government has made its views known, it will be possible to plan for the better utilisation of our human resources and for an improved industrial relations structure. Much will depend on the co-operation of the white trade unions, and it is sincerely hoped that they will recognise that it is in everyone's interest, themselves included, that these changes are brought about.

TRAINING

The mining industry offers employment opportunities to over 300 000 underground workers and nearly 100 000 surface workers, most of whom have had very little or no formal education. The average period of schooling of the black workforce in the industry is only 3.4 years. The task of formulating training programmes aimed at improving performance and overall productivity on the mines remains formidable. However, success in this field is imperative if the predicted skills shortage is to be minimised.

The continuous training of people in itself can and should only be undertaken within a labour structure which enables all individuals to use their accumulated skills to maximum potential. Forward developmental planning of the labour force in a new environment where there will be equal opportunities, equal pay for work of equal value, as well as the right to trade unionism, must be approached with some urgency. The next decade will see fundamental changes in labour policy which it is hoped will result in the industry being manned by a stable, fully-utilised and well-motivated labour force.

TECHNICAL RESEARCH

Research at gold mines administered by Anglo American Corporation is being accelerated to establish satisfactory and practical means of filling mined-out areas with slime residues. Different methods of pumping and a variety of additives are being investigated to make the handling of highly viscous pulp possible. If these attempts are successful, very large areas of old and current underground excavations can be filled giving a much improved regional support. The consequences of this action for the mining industry as a whole could be substantial as it will reduce many of the hazards associated with the mining of large areas of depth. It will also lead to more efficient use of ventilation, thereby improving the environmental conditions of current working places. *The end result could therefore be a substantial improvement in* productivity as well as a reduction in underground fatalities and injuries.

Mr G. Langton on Western Deep Levels:

The major unsolved problem in deep level mining below 3 000 metres is the incidence of rockbursts.

To a certain extent rockbursts have been limited by longwall mining which *minimises the formation of remnants, by good* mining geometry and by the use of rapid-yielding hydraulic props. Despite these measures however the incidence of rockbursts is still far too frequent and when these occur during the working shift they usually result in injuries and often in the loss of life. Besides the human tragedy associated with these events they create an unfavourable image for the mine which in turn results in recruiting problems.

Naturally, the majority of bursts occur after the blast when the stope faces are not manned and consequently do not result in *casualties. However, these bursts normally cause severe damage* to the work places which takes time to repair and results in loss of production. Furthermore, they have a demotivating effect upon the miner and his team. It is estimated that production lost due to bursts in 1979 amounted to 44 000 square metres and as the depth of mining increases the rockburst hazard and losses could become even greater.

Recent research has indicated that energy release rates show a linear relationship to the incidence of rockbursts. However, the rate of energy release can be effectively reduced either by leaving stabilising pillars or by introducing a suitable fill behind the advancing stope faces.

Where stabilisation is provided by a systematic pattern of strike pillars, it has been demonstrated that an 85 per cent extraction rate will result in a 50 per cent reduction in the number of rockbursts. This will lead to a more stable mining condition with the potential for improving safety and production performance. It is planned to introduce these pillars on the Carbon Leader longwalls below 100 level during 1980. While the effect of leaving barrier *pillars will theoretically result in a 15 per cent loss of mineable* ore, thus reducing the life of mine by three years, in practice the ability to mine safely at greater depths could more than offset such pillar loss.

At the same time, it is intended to continue experimenting with suitable methods of filling stope workings effectively with crushed waste rock. At this stage it must be emphasised that there are numerous technical and practical difficulties involved. However, success in this field may well reduce the requirements of in situ pillar support.

The Annual General Meetings of these companies, all of which are incorporated in the Republic of South Africa, will be held in Johannesburg, South Africa, on April 24, 1980. Copies of their annual reports may be obtained from the London Office at 40 Holborn Viaduct, London EC1P 1AJ or from the office of the United Kingdom Transfer Secretaries, Chartered Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

Percy Lane setback but firm start to 1980

SECOND HALF pre-tax profits of Percy Lane Group, manufacturer of windows for motor vehicles, caravans and railway coaches and for the building industry, improved from £40,000 to £51,000, but the year's surplus fell from £303,000 to £161,000 after interest of £137,000 against £28,000.

Mr. P. Lane, the chairman, says that the caravan, building and motor vehicle industries all face uncertain prospects. He says it is impossible to make a forecast against this background, but the group has made a firm start to 1980 which gives some grounds for hoping for modest progress.

During the year costs in home improvements were particularly heavy and it was decided to continue the business on a much reduced scale. The solar heating project also continues on a modest scale and the new curtain walling system is now achieving satisfactory levels of enquiries and orders, he adds.

In Luxembourg, fierce competition continued through the year. In addition, there were serious supply difficulties, now resolved, and rapidly increased costs of the two main production materials.

Sales during the year were up from £14.96m to £17.34m.

After tax of £79,000 against £170,000, stated earnings per 10p share ared own from 3p to 1.8p, and the final dividend is cut from 2.11p to 1p, making a total of 1.75p (3.31p).

But there was now a marked fall off in orders and definite signs that the recession in industry was beginning to bite. It was evident that 1980 was going to be an extremely difficult year, but the Board was taking steps to meet this challenge.

MEGGITT HLDGS.

First-quarter figures for Meggitt Holdings, machine tool *distributor*, were comparable with those for last year, shareholders were told at the annual meeting.

Samuel Props. expansion

Gross income of Samuel Properties expanded from £5.64m to £7.32m for the six months ended *December 31, 1979*, and the pre-tax surplus went ahead to £1.91m, against £1.32m.

The interim dividend is 1.1p)1p) net per 25p share—last year's final payment was 2.5p paid from profits of £3.15m.

First half interest charge has dropped from £973,615 to £517,072, and arose as a result of the repayment of the DM 101m loan, on July 18, 1979.

Tax takes £993,800 (£467,100) and there was a £36,783 (£41,583) transfer from unrealised capital surplus in respect of development properties.

There was an extraordinary credit of £60,000 (£148,824), and after a £60,000 (£328,234) transfer to reserves, the available balance ame out at £950,536 (£710,737).

After waivers dividends will absorb £293,643, compared with £278,269, leaving the retained amount at £656,893 against £432,468.

Jardine Japan plans to unitise portfolio

Jardine Japan Investment Trust, an authorised UK investment trust with net assets of around £10m, is planning to uitise its portfolio into an existing offshore funds.

The directors explain that with the abolition of exchange controls, the rationale for using a closed end fund as a vehicle for investment in Japan had greatly diminished.

"One of the principal advantages of such a closed end fund was the ability to borrow substantial amounts of foreign currency in order to avoid the dollar premium," they are. "This is no longer necessary."

The directors also point out that the shares of the trust are still quoted at a considerable discount to net asset value—around 21 per cent before yesterday's announcement.

The assets of the fund will be unitised into Jardine Japan fund, an open ended fund based in Hong Kong. This, say the directors, will enable shareholders to continue to participate in the future growth of the Japanese economy while also allowing them to realise their investment at a price which is based on the underlying net asset value.

The 1979 dividend of Jardine Japan Investment Trust was 1.3p with a special distribution of 0.6p making a total of 1.9p (1p). Net profits were £218,888 (£135,563).

Exchange losses hold back Yorks. Chemicals

SECOND-HALF trading at Yorkshire Chemicals showed an improvement over the first six months, when taxable profits were virtually halved at £0.43m, but after a sharp increase in realised exchange losses, the 1979 pre-tax surplus was down at £0.91m, compared with £1.11m.

In a difficult year for the dyestuffs industry world-wide, sales of this manufacturer of dyes and tanning materials rose by 10 per cent to £24.57m—up also in volume terms—despite the adverse effect at the invoicing stage of a strong pound.

Th better second half resulted from an increase in production and sales: price increases also became effective in certain markets although these were difficult to obtain in the UK and Europe.

A geographical anlysis of 1979 sales shows (in £000s): UK £6,235 (£5,535), Africa £539 (£405), Asia £3,171 (£2,989), Australasia £2,814 (£5,521), Europe £9,990 (£9,107) and North and South America £1,821 (£1,763).

Sales for the first two months of 1980 are ahead of last year's corresponding period. The directors say interest rate fluctuations and exchange differences could once again have a significant but unforeseen effect on the year's profits.

The company is taking all possible steps to ensure that it is in a position to seize the opportunities which any recovery in the world textiles industry will offer.

The year's profits were struck after depreciation of £1.09m (£1.29m), net interest up from £0.92m to £1.05m and exchange losses of £0.84m (£0.36m). Pre-tax profits for 1978 would have been some £460,000 higher, if current accounting policies on fixed asets bad been adopted then.

Tax for 1979 took £535,000 (£524,000) and stated earnings per 25p share fell from 4.9p to 2.7p. A net final dividend of 2.45p makes a total payment of 4.84526p (4.8390683p).

Some £300,000 of exchange losses was attributable to trading *activities in Brazil and resulted* from efforts to reduce the outstanding debt of the Brazilian subsidiary to the parent company and from the high rate of depreciation of the cruzerio against the pound in the period of indebtedness. Changes in trading policy being implemented in Brazil is expected to result in considerably reduced exchange losses during 1980.

Capital expenditure during 1979 amounted to £1.37m, but this is expected to be at a lower level this year.

● comment

The worldwide market in dyestuffs has been particularly difficult this past year and Yorkshire Chemicals, a minnow-sized company competing with giants such as ICI, has held its own. Trading profits are up 6 per cent even though the pre-tax profit is down 18 percentage points. Among the reasons for the decline, the group has suffered from the strength of sterling, losing £844,000 on exchange translation. There is also a global price war among sellers of dyes for man-made fibres and margins continue to be under pressure. But after the road haulage strike ended, Yorkshire managed to *perform quite reasonably in the* second half of 1979. In the current year, it could return to a pre-tax level of over £1m. The dividend for the year has been maintained and yields nearly 13 per cent at 56p, uncovered. The p/e comes to over 16 on a full tax charge, well above the sector historic average.

BIDS AND DEALS

Sun wins control of Viking with fresh offer of 625p

Sun, the tenth largest U.S. oil company, has won control of Viking Oil, the North Sea exploration group, with a new bid of 625p—56 per cent more than its initial offer and topping by 175p the next highest offer from Hunt International.

The bid, which is recommended by Viking's board, has been irrevocably accepted by holders of over 50 per cent of the equity. This effectively shuts out Viking's other suitors, Deminex, the German group, and Mr. Nelson Bunker Hunt's company.

As with the other bids, Sun's offer includes a royalty stock in addition to the cash element. Shareholders may also opt to accept 625p of unsecured floating rate variable loan stock.

The announcement by Sun yesterday said the offer had been irrevocably accepted by holders of 51.06 per cent of the shares, including two per cent owned by *Morgan Grenfell, its* advisers and the board, which owns one per cent.

Cash offer anticipated for Lidstone

Lidstone, the small butchers concern, owed some £90,000 by Gilmore and Partners (Smithfield), which collapsed in December, 1979, is in talks which may lead to a cash offer for the shares.

Lidstone, whose chairman Mr. Gerald Stitcher is also head of Gilmore, announced that talks with trusts connected with Mr. Jack Walker and associates may lead to an offer of £2.80 per share for the ordinary and £1 a *share for the 6 per cent pre*ference capital.

Lidstone said yesterday that it was convinced the offer was of sufficient substance to treat seriously. It was not a frivolous approach.

At the offer price the ordinary capital (of which Mr. Stitcher holds 78 per cent) is valued at £514,472. The shares, which have not been dealt in for some considerable time, closed 80p higher at 270p yesterday.

Lidstone, which operates nine retail butcher's shops and also has property interests, lifted profits, before tax, from £14,683 to £32,079 in the year ended *July 21, 1979. In the first half* of the current year profits amounted to £19,988.

On the Gilmore debt the company announced in January that to the extent that it proved irrevocable, provisional arrangements were being made to protect the company from any loss. Lidstone said that it was not experiencing any financial difficulty and continued to trade profitably. At July 21, 1979, asset backing for the ordinary shares amounted to £2.22 excluding goodwill.

ANTONY GIBBS

Agreement has nearly been reached betwen Antony Gibbs, the small City merchant bank, and the Hongkong and Shanghai Banking Corporation, which is seeking to purchase the outstanding 60 per cent of Gibbs it does not already own.

Ahead of an announcement, Antony Gibbs shares have been suspended, at 82p.

PREMIER CONS. AND ARBUTHNOT VENTURE

In a joint agreement with Arbuthnot Latham, Premier Consolidated Oilfields, through its U.S. subsidiary, Premco Petroleum Inc., has agreed to acquire interests in a new block of oil and gas exploration acreage.

The gross area is about 578,000 acres in and around the Rocky Mountain Overthrust Belt, and is owned by May Petroleum Inc. of Dallas.

Premier and Arbuthnot have each taken a 12½ per cent interest in the new acreage at a combined cost of about US$1.95m. *They will spend $1m* on geological studies and drilling locations.

SGB ACQUISITION

CONTRACTORS' SERVICES GROUP, part of the SGB Group, *has purchased the business and* assets of Kilner Plant Hire of Wingates, Weshoughton, near Bolton, Lancashire, for £475,000 from the Receivers of the Norplant Holdings Group. The acquisition includes certain Norplant assets.

Kilner specialises in the hire, erection and installation of a wide range of goods and passenger hoists. Of particular importance to CSG's plans are Kilner's specialist rack and pinion hoist activities which reinforces its *own growing business with the* Rackrider Hoists launched at the end of last year.

ICGA/COMPAIR

S. G. Warburg and Co. and Lazard Brothers and Co. announce, in connection with the offers made on behalf of the Imperial Continental Gas Association for the share capital of CompAir, declared unconditional on March 24, 1980, the results of elections for cash or 8 per cent convertible unsecured loan stock 1995/2000 of ICGA together with applications for the loan note alternative.

Following the scaling down of excess elections, a holder of one new ordinary and one deferred share accepting the offers and electing wholly for cash will receive 80.19p in cash and 24.81p *nominal in ICGA convertible*; a holder electing wholly for ICGA convertible will receive his consideration wholly in them. All applications for loan notes instead of cash will be satisfied in full.

MINING NEWS

Vaal Reefs considering a major expansion

BY KENNETH MARSTON, MINING EDITOR

WHILE the gold price continues to weaken—yesterday it dropped $34¼ to $473 per troy ounce—it is worth remembering that last year's high earnings of South African mines were based on an average price of only $300. And the major producer, Vaal Reefs, reckons that an average this year of $356 will be sufficient to cover its increased costs and maintain working profits at the 1979 levels.

Furthermore, Vaal Reefs has decided that the time has come to consider a major expansion, notably in the possibility of working on an extensive scale the previously unpayable low grade Ventersdorp Contact reef which runs through the property.

In his statement with the annual report the chairman, Mr. *Dennis Etheredge, points out* that mining the VCR would not be difficult since it lies at a relatively shallow depth of 1,000 metres in favourable ground conditions and has large widths (thicknesses). Studies for this expansion, which might call for an additional treatment plant, are expected to take about six months.

Vaal Reefs, which is also an important producer of uranium, reports the completion of its new uranium plant which is expected to reach full production by mid-year. The mine is also going ahead with a R29m (£16.3m) pressure leach plant, due to reach full production by end-1982, which should lead to a further improvement in uranium recoveries.

These plants are in the south lease area from which Southvaal Holdings draws royalties. Last year they rose to a record R67m from R28m in 1978 and they are now to be paid to Southvaal on a twice-yearly basis, thus permitting the latter to declare interim and final dividends *instead of a single payment for* the year as hitherto.

Commenting on the decline in the market for uranium, Mr. Etheredge says that sales of surplus U.S. material to Europe at relatively low prices have reduced his company's opportunities for spot sales and it does not expect to sell the full available production this year which will be increased by the build-up at the new South plant and the additional tonnage *from the Afrikander Lease area.*

He adds that the predicted over-supply of uranium until the mid-1980s is likely to result in a continuing fall in real price terms and will delay the opening up of some uranium mining projects; little wonder that there is no queue of buyers for the Australian Government's stake in the Mary Kathleen mine.

Capital spending at Vaal Reefs this year is put at R125m compared with R104m in 1979. Of the latest sum, R31.7m will be spent on the new mine at Afrikander Lease and R65.9m at the South lease area.

Another major gold producer in the Anglo American Corporation group, Western Deep Levels, *is to spend some R59m this year,* of which R9.8m will go on items for the new shaft which is part of the proposed R300m expansion into the neighbouring Western Ultra Deep Levels area.

The Western Deep chairman, Mr. Gerald Langton, says that while a final decision on the expansion project awaits agreement between the parties, he does not see any problems in concluding a satisfactory deal. Western Deep needs a bullion price of about $339 to maintain profits this year.

Also with a potential new mine in the making, South African Land and Exploration's Mr. Nicholas Oppenheimer says that existing operations for the recovery of gold from waste dumps should continue for several years, providing gold prices are maintained.

The new Elandsrand gold mine, which reached production in 1978, more than two years ahead of schedule, ran into problems last year. Output was less than half that forecast at 2,931 kilogrammes as a result of technical mining problems and an under-estimate of the amount of gold locked up in the treatment circuit in the early part of the year.

However, the chairman, Mr. Harry Oppenheimer, expects that with further development and access to a progressively larger stoping area there will be a steady improvement this year. Also expecting a better grade, he forecasts an output of 6,924 kilogrammes.

The veteran East Daggafontein, which ceased underground mining operations in 1976 and which seemed likely to be wound up towards the end of this year, is now to soldier on. This is because of the higher gold price and the deal, yet to be ratified, for a 25 per cent stake in possible gold mining operations to be carried out by Grootvlei over claims to the south of the existing lease area.

All 23 miners—of whom 3 were white and 20 black—were *killed yesterday when a "cage"* carrying them in the No. 2 shaft at the Vaal Reefs gold and uranium mine in South Africa plunged 2,000 metres—about 1¼ miles—to the shaft bottom. It *is believed* that the two-tier cage jammed at about 300 metres below surface. It then suddenly freed itself and, when the slack of the cable above was sharply taken up, the bridle attachment to the cage broke away and the cage then dropped to the shaft bottom. An inquiry into the causes of the accident is being conducted by the Inspector of Machinery from Klerksdorp.

AGNICO-EAGLE'S PROFITS SURGE

Buoyed by sharply higher returns from gold and silver operations, Agnico-Eagle Mines is highly optimistic about earnings prospects for this year, according to Mr. Paul Penna, the chairman, reports John Soganich from Toronto.

Agnico derives its revenue from the Eagle gold mine in north west Quebec and the smaller silver operation at Cobalt in north east Ontario.

Net profits more than doubled to C$7.9m (£3.03m) or 57 cents a share in 1979 from C$2.6m or 19 cents a share in 1978. A dividend of 15 U.S. cents (6.83p) will be paid in May. The dividend last year was 10 cents.

The Eagle mine last year produced 64,722 ounces of gold, slightly more than in 1978, at an average cost of C$129.86 an ounce, and received an average price of C$366.42 an ounce.

ROUND-UP

Miners at South Crofty, the Cornish tin mine, returned to work yesterday after a week's strike caused by fears about radiation and cancer. The management agreed to meet the miners' demand for special *helmets designed to provide a* free flow of air, as a means of reducing the effects of radon gas present in the workings.

* * *

Talks between Euratom and *the Australian Government have* started on policy relating to the supply of Australian uranium to the EEC, the Australian Information Service reported. Mr. J. B. Mennicken, a senior official of Euratom, is in Canberra for the first of a planned series of meetings. He will also see the mining companies to discuss production schedules.

* * *

Leichardt Exploration, the Australian diamond hopeful, is to instal a plant to treat 100 tonnes of gravel an hour at its Reads Drift prospect in South Africa.

* * *

America's AMAX says that 1980 profit and sales should exceed the $365m (£166m) or $8.49 per share earned on sales of $2.86bn in 1979. The company adds that 1980 results so far "are encouraging." It expects funds from operations over the next five years to approximately equal capital spending.

Pullman has 63% of Paradise

R. and J. Pullman, the clothing manufacturer and retailer, has purchased a further 33.9 per cent holding in B. Paradise, the furrier and leather manufacturer, taking its stake up to *62.9 per cent.*

Pullman announced yesterday that it had acquired, from directors and family shareholders, 423,550 shares at 3p each. Pullman has also taken over *responsibility for guarantees* of £150,000 given by vendors of the Paradise shares.

This purchase by Pullman follows Monday's share suspension on the news that talks were *going on which may result in a* change of control of the company and in an offer being made for the Paradise ordinary shares not already owned.

In accordance with the Take*over rules Pullman is making* an offer for the rest of the Paradise shares at 10p per share—the same price Pullman paid for its original purchase last October. The Paradise shares were *suspended* at 24p.

Pullman would like to maintain a separate listing for Paradise shares, dealings in which were resumed yesterday. Pullman intends to place such acceptances received as a result of the offer as may be necessary to retain the quotation.

Mrs. J. Paradise, the widow of a former director of Paradise, has indicated that she does not intend to accept the offer in respect of her 8 per cent holding. The independent directors of Paradise will be seeking advice on the offer and will be writing to holders.

Both companies manufacture leather and sheepskin garments and Pullman also sells certain goods made by Paradise. Pullman *intends to use the productive* capacity of Paradise to improve the output of A and D Hope, its main subsidiary in the fur and leather garment trade, which has had insufficient capacity to match demand.

The existing business of Paradise is to be continued and acquisitions will be made where appropriate to strengthen the trading base.

Wardle chief confirms factory closure

Mr Graham Ferguson Lacey, in his first move since taking over as chairman of Bernard Wardle, has confirmed the previous board's decision to close the Caernarfon factory.

A statement issued yesterday said he had given careful consideration to the closure but "no responsible alternative presented itself.

However, the board has pledged itself to making strenuous efforts to find an alternative industry for the premises which will be maintained for six months after the May closure date.

Anger and disappointment were *expressed in Caernarfon at* the decision, which will lead to 320 redundancies in an area of high unemployment.

Mr. Tom Jones, district secretary of the Transport and General Workers' Union, said the decision showed Mr. Ferguson Lacey "in his true colours."

A mass meeting of the workforce may be called for today to decide on continuing anti-closure action.

ENERGY FINANCE OFFER FOR OCEANA IS UNCONDITIONAL

Mr. P. J. Doyle announces that *the cash offer by Energy Finance* and General Trust on his behalf for Oceana Holdings shares not already owned by himself, has become unconditional. Acceptances in respect of 237,643 shares have been received which, when added to the 1,211,290 held by Mr. Doyle before the offer, makes a total of 1,448,933 shares (42.42 per cent of the votes).

The offer remains open until April 11.

Walker and Homer shows interest in Lifestyle

WALKER AND HOMER, the Midlands upholstery manufacturer, has taken an option to buy for shares, Lifestyle Upholstery, a new company set up by Mr. David Mears who recently concluded a consultancy agreement with Walker.

Under the agreement Mr. Mears, formerly deputy managing director at Christie-Tyler, becomes chief executive of Walker and if the option is exercised he and his associates, could end up with 40 per cent of the enlarged Walker capital.

Walker will have the option until the end of 1983 to buy Lifestyle. If it does not, the Lifestyle sharehloders will have the right, if exercise of the option is judged to be commercially sound, to require Walker to exercise it. Mr. Gerald Walker, chairman, of Walker, will join the board of Lifestyle.

The Takeover Panel has waived the 30 per cent rule so *that exercise of the option will* not automatically oblige the associates to make a general offer. The Panel has extended the waiver so that a limited number of shares in Walker may *be purchased* by the associates through the market before the exercise of the option.

A limit has been set so that their interests immediately after the option is exercised do not exceed 45 per cent of the Walker equity. Under the Takeover Code the associates will be able to buy a further 2 per cent per annum so they could end up with over 50 per cent within just over two years from exercise of the option.

Walker also announces its interim results for the half-year ended January 31, 1980 showing a loss of £169,150 compared with a profit of £28,166 in the same period of 1978-79. For the whole of that year there was a loss of £87,000. There is no interim—the last dividend totalled 0.9p for 1977-78.

In recent years, Walker has been hit by the shift of emphasis in the retail furniture market away from independent retailers towards the larger groups.

*The interim results were con*siderably affected by a general decline in consumer demand and pressure on margins. This coincided with the closure of the loss-making factory at Stockport for which an offer of £100,000 has been accepted.

BANK RETURN

	Wednesday Mar. 26, 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT	£	£
Liabilities		
Capital	14,553,000	—
Public Deposits	28,515,615	+ 3,172,415
Special Deposits	131,835,000	+ 27,965,000
Bankers Deposits	443,380,499	+ 65,624,606
Reserves & other Accounts	693,601,569	— 9,352,380
	1,311,885,683	+ 59,444,641
ASSETS		
Government Securities	608,601,810	— 5,725,000
Advances & Other Accounts	300,081,155	+ 97,422,565
Premises Equipment & Other Secs.	392,694,028	— 16,256,479
Notes	10,351,151	— 14,980,848
Coin	257,545	— 8,697
	1,311,885,683	+ 59,444,641
ISSUE DEPARTMENT		
Liabilities		
Notes Issued	9,850,000,000	+ 100,000,000
In Circulation	9,839,648,849	+ 114,980,848
In Banking Department	10,351,151	— 14,980,848
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,641,855,328	— 506,706,170
Other Securities	2,197,129,572	+ 606,706,170
	9,850,000,000	+ 100,000,000

Increase in second half takes APV over £19m

IMPROVED taxable profits are reported by APV Holdings for 1979, contrary to the midterm forecast of a reduced full-year surplus because of the effects of engineers' dispute.

A £1.67m rise in the second half more than offset the slight fall at midway, and the year finished with pre-tax profits up from £18.12m to £19.03m on turnover £13.7m higher at £261.5m.

The UK companies improved their profits while the total overseas contribution fell slightly because of the strong pound. This was despite increased results from North America, which now contributes 36 per cent of total profits.

Pre-tax profits were struck after the cost of the engineering strike and a currency loss of £760,000 on the conversion of overseas profits at the average exchange rates during the year instead of year-end rates. If year-end rates had been used, the taxable surplus would have been £18.52m, after an exchange loss of £1.26m.

The directors do not currently expect any higher profits from the UK—any increase that might be achieved will come from overseas.

They say demand for capital goods of the type supplied by the group is still generally weak in the UK, Europe and the Middle East. However, they consider that prospects will remain reasonably good in North America, Australia, South East Asia and South Africa, while the South American market shows signs of improvement.

The net total dividend is stepped up by 29.6 per cent to 8.4p (6.4796p), with a final of 5.6p. Earnings per 50p share are given as 42.34p (41.31p) basic, or as 37.69p (36.8p) when diluted. Tax took £6.75m, against £6.15m.

Orders received in 1979 amounted to £261m, some 14 per cent higher than the previous year after adjusting for exchange differences.

• comment

After a loss of around £750,000 as a result of the engineering strike, APV's profits are barely ahead whichever way the exchange loss is calculated. With a £1m swinground to profits in the foundries, UK operations have performed rather better than expected but the outlook for domestic subsidiaries this year is to say the least clouded. Middle East losses of £300,000 were truck above the line and the subsequent closure accounts for £170,000 of the extraordinary charge. South Africa, by contrast, turned round by a positive £500,000 and APV is confident of prospects in most operating areas outside the EEC and the Middle East. Yet the U.S., with 36 per cent of 1979 profits and a broadly similar percentage of the outstanding workload at the turn of the year, remains the key to a further advance and the best that can be said thus far is that the resilience of the food processing and brewery industry order book continues to offset the cutbacks in marine, oil and petrochemical demand. A strong balance sheet and the resources to go after important U.S. acquisitions if and when opportunities present themselves) underpin a price of 175p, up 10p yesterday, where the multiple on published fully diluted earnings is 4.5 and the 30 per cent dividend increase yields 7.1 per cent.

Arthur Bell rises £0.5m midyear and set for record

REPORTING A £512,000 midyear advance in pre-tax profit Arthur Bell and Sons looks set to push the fulltime total up from last year's record £16.8m to over £18m.

For the half year to December 31, 1979, profit was ahead from £8.67m to £9.19m with the contribution from the production and sale of Scotch whisky £492,000 higher at £8.3m.

Mr. R. C. Miquel, the chairman, says that present indications are that, despite the continuing high cost of borrowing, the whisky division will contribute in the second half not less than the £7.61m seen last time. In addition, the transport division is expected to recover from a £43,000 loss to profit for the 12 months.

However, the current demand for glass containers is not high and, with the loss of production caused by the rebuilding of the three furnaces during the current six months, it is unlikely that full year profit here will exceed the £1.45m achieved in 1978-79, he says.

Stated earnings per 50p share for the first half rose to 14.81p (13.23p) and the net interim dividend is being stepped up to 2.12p (1.76785p) absorbing £985,289 (£821,624).

At the trading level profit was £11.64m (£10.29m) before depreciation of £867,000 (£673,000) and interest sharply up from £942,000 to £1.59m.

Net profit emerged at £6.89m (£6.16m) after a lower tax charge of £2.3m (£2.52m).

External sales of £112.89m (£103.92m) comprised Scotch whisky £101.56m (£94.98m); glass containers £12.53m (£10.27m) and transport division £1.68m (£1.17m). Export turnover of whisky was £2.95m better at £11.4m with improved worldwide market penetration.

The new bottling hall at Dunfermline is scheduled for completion in July when three additional bottling lines will be commissioned lifting the company bottling capacity by 20 per cent.

Since the beginning of 1980 both home and export whisky sales have shown increase on the same period of last year. Prices increase were made in February to restore margins to an acceptable level the chairman points out.

There was a marginal advance in profit from Canning Town Glass from £868,000 to £871,000. Redevelopment at both its factories continues and a new engineering complex costing £820,000 will shortly be completed at Swinton. This will bring the further investment in this company during 1980 to £3m.

Transport produced a profit of £11,000 (£2,000) for the half year.

• comment

In a period in which the industries' home sales volume dropped significantly, Arthur Bell has been able to push up domestic volume a little in the six months to December, gaining 25 per cent of the market compared with the 23 per cent of the same period in 1978. While there has been an encouraging 19 per cent gain in export volume, with the high-margin porcelain decanters pushing ahead rapidly, growth in the all-important U.S. market remains disappointing. Pre-tax profits for the year are likely to be in the region of £17½m-£18m for a prospective p/e of about 9, fully-taxed, and yield of about 5½ per cent. But with profits growing more slowly than inflation, duty financing costs up from £3½m to £4m and capital spending up 50 per cent at about £7½m, there is likely to be a further substantial cash outflow. The share price fell 4p yesterday to 184p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—William Boulton, Lake and Elliot, Lister, Macallan-Glenlivet, Malayan Tin Dredging, Scottish Metropolitan Property, Southern Malayan Tin Dredging, Wankie Colliery.

Finals—Charles Early and Marriott (Witney), Elys (Wimbledon), English Property, F. C. Finance, Firmin, Home Counties Newspapers, Charles Hurst, Ibstock Johnson, Bernard Matthews, North British Canadian Investment, Sheme Were.

FUTURE DATES

Interims—	
Burns-Anderson	April 2
Forward Technology	April 15
Low (William)	April 17
North Atlantic Securities	April 9
Finals—	
Dorada	April 15
Grampian Holdings	April 10
Wace	April 1

Manders hit by UK downturn

A SETBACK in UK profits from £2.66m to £1.93m left Manders (Holdings) with a taxable surplus of £2.85m in 1979 compared with £3.44m. At midway, profits had fallen from £1.54m to £1.3m.

The most substantial downturn came in the UK decorative division, say the directors. International results were broadly in line with those of 1978.

A final dividend of 3.2p lifts the total from 3.314p net to 4.4p.

Tax takes £610,000 (£1.06m) and minorities' profits £52,000 (£61,000). Stated earnings per 25p share are 14.9p (15.32p).

The group, which manufactures paint and printing inks and distributes wallpapers and decorators' requisites through its own retail outlets, also has investment property interests.

Negotiations for new rental levels in the Mander Centre are proceeding in line with expectations, say the directors.

Gestetner

TURNOVER OF Gestetner Holdings, the international reprographics equipment and supplies group was almost 20 per cent up in January, the third month of its financial year, said Mr. Jonathan Gestetner, the joint chairman, at the annual meeting.

Mr. Gestetner also rebutted reports that the company might lose its independence and that there had been some form of Gestetner family meeting on the subject.

Bestobell meets its targets

IN LINE with the forecast, taxable profits of Bestobell, controls, energy, aviation and consumer products group, expanded by 31 per cent in 1979, from £4.9m to £6.42m. Turnover advanced by 11 per cent to £106m against £95.5m.

And a final payment of 6.5p net per 25p share will lift the total dividend from 9.60832p to 11p as forecast.

Last July, when the group was rejecting a take-over bid from BTR, directors said that profits would be not less than 30 per cent higher than those for 1978, and that dividends totalling 11p would be recommended.

At halfway profits were up from £2.38m to £3.26m.

Mr. A. B. Marshall, chairman, states that while results reflect, primarily, the outcome of planned investment and operations, "they do owe something, in addition, to our ability to turn the pressures of the bid to good effect."

He says that major changes were implemented and that the company is now organised in four business groups in the UK.

There are also two regional groups: Australia, which has management responsibility for from Hong Kong to New Zealand, and a South Africa region embracing South Africa, Zimbabwe, Zambia and Malawi.

"Our overseas interests all make an important contribution to the balance of the group," he states.

And he feels that the strengthening economy of South Africa, together with the Zimbabwe settlement, gives the prospect of further restoring that area to one of major profit contribution.

Yearly earnings per share are shown ahead from 27p to 30.5p. The attributable balance came out at £3.25m (£2.95m) after tax, well up at £2.18m (£1.19m), minorities £169,000 (£145,000), exchange losses of £417,000 (£450,000), and extraordinary debits amounting to £407,000 against £163,000.

After dividends cost the retained balance was £1.78m compared with £1.67m.

As at December 31, fixed assets stood at £12.6m (£12.73m) and net current assets were £27.43m (£24.66m). External borrowings, less cash, totalled £12.33m (£10.45m).

• comment

Profits from Bestobell are marginally better than the forecast which, in view of the cushion which any reasonably constructed defence builds into its projections, suggests that the second half was worse than first supposed. That should come as little surprise but, down 2p yesterday, the shares are slightly lower than BTR's closing cash offer. Yet there can be little doubt that Bestobell would be able to extract a significantly higher take-out price if BTR comes back this summer. The defence has undertaken a remarkably swift reorganisation of the group's activities although, if the six new divisions are now broadly equal in terms of turnover and assets, the aviation and seals businesses are leading the pack. After all, there can be few other UK groups with a direct manufacturing presence in California's booming aerospace industry. The return of capital employed comes out at 17 per cent and that might leave BTR, with a return on net assets of 28 per cent, room to argue that it can improve profitability. Shareholders should certainly hang on; BTR has the will and the resources to make a generous offer and, in any event, a p/e of 6.9 on published earnings and a yield of 7.4 per cent offer perfectly adequate intrinsic support.

Associated Book shows 12% fall but able to lift dividend

AS EXPECTED, pre-tax profits of Associated Book Publishers for 1979 were lower than the previous year's, falling 12 per cent from £3.37m to £2.95m.

But against a background of real problems facing book publishers world-wide, the level of profit is a testimony to the nature and geographical spread of ABP's business, say the directors.

At midway, when profits were down from £1.3m to £1.02m, they warned that a gathering recession in many major markets and quickening inflation had combined to prevent growth at home and abroad, and forecast that annual pre-tax earnings would not exceed those of 1978.

They now add that the strong pound, cuts in public spending, domestic inflation and world recession have all contributed to the difficulties.

At the same time, the directors point out that in a period of expansion, especially in the United States, where the costs of long-term investment have to be met from the group's year-to-year trading, ABP has not suffered as seriously as some sections of the trade, and they are able to fulfil the promise of a higher dividend.

Total distribution for the year is lifted from 5.129p to 7.5p with a final of 4.7p.

Turnover rose from £27.93m to £30.54m, with improvements in UK, export and Canadian sales. The tax charge, after double tax relief, was £1.32m (£1.45m) and after minorities' profits of £359,000 (£234,000) the attributable surplus is down 24 per cent from £1.68m to £1.27m.

	1979 £000	1978 £000
Turnover	30,540	27,929
UK	16,749	14,733
Australia and NZ	6,333	6,482
Canada	7,097	6,323
U.S.	361	362
S. Africa	—	29
Trading profit	2,805	3,348
UK	2,073	2,323
Australia and NZ	458	454
Canada	1,012	682
U.S.	*538	*99
S. Africa	—	*22
Associates	48	23
Profit before tax	2,953	3,371
Tax	1,322	1,453
Minorities	359	234
Attributable	1,272	1,684
Dividends	289	199
Retained	983	1,485

* Loss.

The disproportionate decline in earnings at the attributable level results from not providing for tax relief in this year's trading losses in the U.S. company, state the directors.

Results for 1978 have been adjusted to reflect a comparable basis following the adoption of SSAP 15. Stated earnings per 20p share are 34.4p against a revised 46.6p.

In Canada, the Carswell Company continued to be highly successful in law publishing and profits increased by 56 per cent.

A major reconstruction of management and reorganisation in Australia and New Zealand took effect and, despite the cost of moving the New Zealand company from Wellington to Auckland, profits rose marginally.

The major strength of the group is its broad base, they conclude, and it is as well placed as any publishing company to come through the current problems.

Arncliffe falls in second half

A SECOND half fall from £363,011 to £318,322, has left taxable profits of Arncliffe Holdings, property developer and building contractor, virtually unchanged at £656,176 for the year ended October 31, 1979, compared with £655,928.

At halfway, with profits ahead at £337,854 (£292,917), the directors warned that bad weather, affecting the group's building programme, may affect the second six months' results.

Turnover for the year expanded to £4.77m against £3.84m, and due to stock relief there was no liability for mainstream corporation tax (£49,000).

A final of 1.54p takes the total dividend to 2.66p net—last year's single payment was 2.01p.

The company has close status.

Blue Bird sees lower profit

ALTHOUGH TURNOVER was maintained at £5.65m, against £5.62m last time, taxable profits of Blue Bird Confectionery Holdings dropped from £326,510 to £241,225 for the 26 weeks ended December 29, 1979.

Action has been taken over recent months to reduce costs, but the directors say it is unlikely that the full year's profits will exceed the 1978-79 figure of £553,000.

Half yearly turnover was restricted by the loss of three months' sales from Stobbs Wholesale (Hull), where trading was terminated at the beginning of October following the decision to withdraw from tobacco wholesaling. It is expected that the cost of closure of this business will be largely offset by the sale of the Hull property.

UK sales of sugar confectionery were severely affected by the VAT increase in June and fell by around 10 per cent in volume terms, which continued into the second six months.

However, after the initial impact, confectionery is traditionally not seriously affected by an economic depression and it is expected that sales will recover as the seasonal increase takes effect.

Exports continue to grow, despite pricing problems due to the high value of sterling and this trend has continued in recent weeks.

As indicated last year, expenditure has been appreciably reduced and with the withdrawal from tobacco wholesaling in mind, the directors have made a full provision for corporation tax of £94,378 (£35,344) at half-way.

Earnings per 25p share are more than halved from 8p to 3.99p, but the interim dividend is raised by 15 per cent from 1.26p to 1.45p net, costing £52,722 (£45,814)—the 1978-79 final was 2.52p.

AB ELECTRONIC

After tax profit of AB Electronic Products Group in the half year to December 31, 1979, was £327,254 (£456,512). In yesterday's report these figures were incorrectly shown as the tax charge which was £165,000 (£125,000).

NORTH AMERICAN NEWS

G & W sheds investment in forest products group

BY IAN HARGREAVES IN NEW YORK

GULF AND WESTERN is planning to sell for around $200m its 78 per cent stake in Brown Company, a Californian forest products and building materials group.

In a complicated series of proposals, the latest stage of which was unveiled yesterday, the New York-based conglomerate, whose interests include Paramount Pictures, intends in effect to divest itself of Brown's forest products interests while retaining an option to repurchase the building products activities.

The buyer is James River, a company based in Richmond, Virginia, which makes paper and packaging products.

Yesterday's announcement from Brown involved an explanation of the terms being offered for the 22 per cent of its shares not held by Gulf and Western. The offer is based upon converting each of these Brown shares into a $34.06 a share package, of which $19.85 would be in cash.

From Gulf's point of view, the move is in line with its stated intention of reducing its exposure to capital intensive industries such as forest products.

When the suggestion of the deal first emerged in February, the sale had a generally favourable impact upon Gulf and Western's share price.

The proposed vehicle for the transaction is a merger proposal from subsidiaries of both Gulf and Western and James River. The proposal is subject to many conditions, including approval by holders of a majority of the 22 per cent stake in Brown not owned by Gulf and Western. *It is expected that it will be some time before a decision becomes clear.*

Gulf and Western and James River were also planning a further statement on the deal yesterday.

Brascan to sell its Brazilian bank stake

By Robert Gibbens in Montreal

BRASCAN, the holding company controlled by the Peter and Edward Bronfman family, plans to sell its interest in a Brazilian holding company to the Bank of Montreal. Canada's third largest chartered bank, for about $73m in Bank of Montreal common and preferred stock.

The Brazilian holding company owns 100 per cent of Banco Brascan do Investimento SA, of Brazil, with assets last December 31 of about $330m plus substantial cash resources. The holding company was jointly owned by Brascan and Brazilian interests and was the last remaining major investment of Brascan in Brazil.

Brascan will still retain certain commercial interests.

Shell strength

SHELL OIL expects 1980 earnings to exceed last year's $7.32 a share because of the growing strength in exploration and production, according to Mr. John F. Bookout, Reuter reports from Houston. In 1979 Shell had record profits of $1.13bn.

Zapata optimistic

MR. R. C. LASSITER, president of Zapata, supplier of diversified natural resource services and products, told the annual meeting the company expects operating income for the first half of 1980 to be a marked improvement over 1979's corresponding $29.6m. Reuter reports from Houston. The company expects the trend to continue for the balance of fiscal 1980. Net income for the first six months of 1979 was $10.8m and for the year $21.4m.

RATIONALISATION AT LAFARGE

Share exchanges total FFr 116m

BY TERRY DODSWORTH IN PARIS

LAFARGE, THE cement group and one of France's most successful international companies, is launching into a further rationalisation of its activities with three takeover offers for affiliates in which it already has a controlling interest.

Lafarge says that the acquisitions are designed to put the group as a whole into a more competitive position by ensuring its freedom of action in dealing with the subsidiaries.

Two of the companies concerned, Platrieres de France (SPF), and Sablieres de la Seine (CSS), are profitable operations while the third, *Ceramiques (CEC), has been a heavy loss maker in recent years.*

Lafarge will be issuing some 500,000 shares for these businesses in a share exchange deal which will cost about FFr 116m ($26m) at the company's *current share price of FFr 232.*

Last year, as part of its reorganisation programme, Lafarge reached an agreement on selling off its packaging subsidiary, Lafarge Emballage, to a Swedish company. This deal has still not been authorised by the French authorities, but the group has hopes that it will be completed in the not too distant future.

The conclusion of the Embellage sale, which would realise about FFr 110m, will further increase Lafarge's liquidity. The *group already has a strong cash position, due to a rights issue* in 1978 and a net profit increase to break 25 per cent to around FFr 290m last year, according to initial forecasts.

These funds are now being put to use in gearing up its non cement interests in the plaster field (SPF), sand and gravel (CSS) and ceramics (CEC).

● Roussel Uclaf, the French pharmaceuticals group controlled by Farbwerke Hoechst of West Germany, raised net consolidated profits only marginally last year from FFr 103.5 ($24m) to FFr 105m.

The main problem for the group seems to have been the weakness of the dollar last year, which affects Roussel Uclaf's position disproportionately because of its large export business—it sells well over 50 per cent of its output overseas.

Nevertheless, the company was able to raise its turnover *by 14 per cent to FFr 4.5bn,* although earlier in the year it was not hopeful that this figure could be attained. About 2 per *cent of the increase came from* Societe d'Application des Matieres Plastiques, the sunglasses company bought during the course of last year.

At the same time, the research budget was pushed up sharply by some 17 per cent to FFr 375m, while cash flow amounted to FFr 285m.

Parent company profits came to FFr 70.3m net compared with FFr 63.7m in 1978 with cash flow increasing by almost 23 per cent to FFr 196m. Roussel is proposing a dividend of FFr 9.50 net, the same as in 1978.

● Casino, the French supermarkets and food manufacturing group based at Saint-Etienne, increased its pre-tax profits last year by almost 16 per cent from FFr 364m ($83m) *to FFr 421m. Turnover rose by* around 18 per cent to FFr 7.7bn while net profits amounted to *FFr 84.8m against FFr 69m in 1978.*

In addition to its main retailing activity, Casino has a variety of industrial activities, including production of chocolate, pharmaceuticals, mustard and perfumes.

IBM raises $277m in Europe

BY OUR NEW YORK STAFF

INTERNATIONAL Business Machines, which last year surprised the U.S. financial community by raising almost $1.5bn *in borrowings, has been to the* European markets in the last three weeks to raise an additional $277m.

This latest evidence of IBM's cash needs has prompted speculation among IBM-watchers that the company is suffering from a renewed upward trend in the volume of computer leasing deals as opposed to outright purchases. A preponderance of leasing reduces cash flow, and was one of the factors behind the company's slight fall in net profits last year.

IBM selected the Deutsche Mark and Swiss franc markets in order to take advantage of lower interest rates. The loans were made for a six-year period at annual interest rates of between 6 per cent and 10 per cent. The company said, compared with the 19 per cent prime lending rate of the major U.S. banks.

"We don't pass up opportunities to borrow if we find credit available at attractive terms," Mr. Dean Phypers, a senior vice president, said.

The company, which says it did not extend its borrowings in *the first two months of this* year, said the loans would be used for extending working capital, to finance computer leasing and for plant expansion.

Until last year, IBM maintained a virtually debt-free balance sheet, but this situation changed dramatically with a landmark $1bn bond issue and a $300m private placement with Saudi Arabian interests.

Saleninvest back in the black

BY VICTOR KAYFETZ IN STOCKHOLM

SUBSTANTIALLY smaller losses on tanker operations and a sharp improvement on dry cargo activities were the main influences behind Saleninvest's first pre-tax profit, before extraordinary items, since 1975.

The shipping group's consolidated earnings reached SKr 7.5m ($1.7m), and the board proposes to pay exactly this amount in dividends, or SKr 10 per share, after two years without payment. In 1978 Saleninvest lost SKr 343m.

Sales last year totalled SKr 2.99bn ($680m), up 33 per cent. The group recorded net extraordinary gains of SKr 116m, compared with SKr 19m in 1978. These include SKr 94m from the sale of 60 per cent of the new head office building in central Stockholm, and an insurance settlement of SKr 20m on an oil drilling *rig in the Gulf of Mexico destroyed* in a blowout.

After appropriations and tax the group's net profit last year was SKr 83m, against a 1978 loss of SKr 21m. Saleninvest expects pre-tax earnings in 1980 will be a net gain on extraordinary items.

The group has renegotiated its agreement with the Swedish government so that it will keep at least 12 vessels under Swedish flags. An offer of a state loan of SKr 200m is being cancelled. Saleninvest will now have nine years to pay for *tankers it purchased in the late 1970s.*

● Volvo, the Swedish car maker, has presented final 1979 figures indicating a pre-tax profit of SKr 1.24bn ($283m) on sales of SKr 23.5bn. These *figures are slightly higher than the earnings of SKr 1.2bn and* turnover of SKr 23.4bn stated in January preliminary report. In 1978, group pre-tax profit was SKr 646m on sales of SKr 19.13bn.

The final report gives *adjusted earnings per share as* SKr 29.40, up from SKr 18.30. The figure published two months ago was SKr 28.30.

Markets outside Sweden account for 76 per cent of Volvo group sales compared with 75 per cent in the preceding year. In money terms, car sales rose 23 per cent to SKr 12.61bn. For trucks the figure was SKr 5.99bn, up 24 per cent. Bus sales rose 39 per cent to SKr 632m, while construction, farm and forestry machines brought sales of SKr 2.24bn which is 26 per cent higher than in 1978. Turnover for marine, industrial and *aircraft engines rose more slowly.*

Italian paint merger

By Paul Betts in Rome

MONTEDISON, Italy's largest chemical company, and Max Meyer, one of the country's leading paint concerns, are to merge their paint manufacturing activities into a new holding company.

The new company, with an annual sales revenue of some L150bn ($171m) and an overall capital of L20bn, will effectively become the leading group in Italy in the paint sector.

The merger is aimed to strengthen and rationalise the state manufacturing operations of the two companies in the face of increasing international competition, *Montedison said last night.*

According to the Milan chemical company, the merger would enable the two partners to boost their current research and development programme in the paint sector.

Charter moves into publishing

BY DAVID LASCELLES IN NEW YORK

CHARTER COMPANY, the fast-growing diversified oil concern, *is planning a renewed assault* on the publishing market, which it hopes will eventually take it into the electronic media in a big way.

Charter already owns several magazines and radio stations, but is now to set up a joint venture with Mr. Karl Eller, a prominent publishing businessman. The new company will be called Charter Media Com*pany. It will be half owned by* Charter and half by Mr. Eller, who is in the process of buying his own radio station in California. The venture is thought by Wall Street analysts to have good prospects.

Mr. Eller formerly headed Combined Communications, a publishing company which was bought out by the Gannett newspaper chain last year. He said yesterday: "We intend to build Charter Media Company into a company which will have the ability to expand into newspapers, outdoor advertising companies, cable television and additional magazines."

Charter has annual sales of about $5bn. Last year it made a major advance into the oil business by buying the ailing Carey Energy Company.

RCA video disc systems drive

BY GUY DE JONQUIERES

RCA, THE large American electrical products company, is developing a version of its video *disc system for sale in Europe* and believes that the potential market here is at least as big as in the U.S.

It aims to be one of the leaders in the European market and is considering the possibility of taking a direct interest in the manufacture of players and discs in Europe and of licensing other companies to *do so.*

According to Mr. Herbert Schlosser, executive vice-president of RCA, the company has reached no firm decisions so far on products, schedules and prices for the European market, although it has been working on development of a suitable disc system for many months.

Mr. Schlosser said, however, that the system would not be launched in Europe before it goes on sale in the U.S. in the first quarter of next year.

The RCA player, which will cost about $500 in the U.S., is *designed to be both less expensive and simpler to operate than* other rival systems developed by Philips of the Netherlands, Thomson of France, and JVC/Matsushita and Sony of Japan.

Unlike most of the other systems, RCA's Selectavision does not offer stereo, slow-motion or freeze frame functions. But the company contends that these features will not be wanted by most consumers, and that their absence will be more than offset by the unit's low price and the large programme library.

*It has already signed agree*ments to record on disc feature films and other material to be supplied by entertainment companies including Paramount, United Artists, Disney and MGM.

One reason why RCA is confident of a big European market for discs, according to Mr. Schlosser, is that television *viewers here have a far smaller* choice of programmes and channels than in the U.S. and will welcome additional viewing material.

Recovery at Dean Witter

BY OUR FINANCIAL STAFF

THE MAJOR U.S. securities house Dean Witter Reynolds Organisation has recorded a *sharp turnaround in the second* quarter of the current year to a net profit of $10.61m or $1.32 a share, against a loss last time of $886,000 or 13 cents a share.

Mr. Andrew J. Melton Jr., the chairman, said that virtually all revenue categories experienced *increases in comparison with* last year. The company was formed from the merger in January 1978 of Dean Witter and Reynolds Securities.

INTERNATIONAL BONDS

Straight dollar issues fall back after early gains

BY FRANCIS GHILÈS

MAJOR SECTORS of the Eurobond market were quiet yesterday with most prices unchanged on the day. Dollar-denominated straight bonds fell back after early gains but neither the rise in the Euro*dollar rate, from 18⅞ per cent* on Wednesday to 19⅞ per cent yesterday nor the strength of the dollar had any immediate effect.

Some bond houses described the market as being in a state *of "coma" while others re*ported a reasonable level of business. Most dealers were waiting to see what the yield on the first tranche of the $500m straight dollar issue for Sweden would be. Investor interest in the issue appeared to vary from one bond house to another.

The subscription agreement *was signed yesterday for the* Citicorp Overseas Finance $200m guaranteed floating rate notes, repayable starting October 1982, and guaranteed by Citicorp. This issue, which was the first in the Eurobond market to have no specified maturity date, is repayable at par at six-monthly intervals, from October 1982 at the option of noteholders.

*The young market for "non-*London" dollar certificates of deposit has seen another issue, this time of a floating rate certificate of deposit (FRCD) issued in Mexico City by Banca Serfin SA. The bank is not authorised in London where it has only a representative office but its FRCDs, denominated in $500,000 to a total of $20m, will be traded in the London market under the new rules set out recently by the Bank of England.

A market will be maintained by Credit Suisse First Boston, the issue's manager, who has *fixed the coupon on the five-*year notes at 19⅝ per cent, that is, ¼ per cent over six month Libor, for the first six months interest period. Investors will have the option of repayment of principal after three years.

Bank studies clearing system for dollars

By Michael Lafferty

BETTER MANAGEMENT of banks' dollar accounts is one of the advantages foreseen from the possible introduction of a wholesale dollar clearing system in London, according to a Bank of England discussion paper issued yesterday.

The paper has been published as a basis for discussion between the various banks which would be affected by such a move. It does not come down in favour of or against the idea.

Items eligible for clearing would be dollar payments made between participating banks in London and capable of being netted off and settled for in London.

Since the scheme would involve a relatively small number of transactions, there might be some advantage in integrating the wholesale clearing with the retail clearing *system for* dollars already operated by the UK banks.

Apart from better manage*ment of dollar accounts, the* paper suggests that a London clearing system would reduce deconciliation costs at banks, while transmission savings might also result.

Among a number of operational disadvantages which the paper identifies are the necessity for separate streaming of the London wholesale payments, extra computing costs, extra costs for banks using out-of-London processing under a physical clearing, and extra costs generally.

The Bank of England expects that a creation of a wholesale dollar clearing could signifi*cantly affect the pattern of* dollar balances.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on March 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	81¼	81¾	+0¼	−0¼	13.65
Alex Howden XW 9½ 91	30	67	68½	−1¼	−3¼	15.80
Australian Res. 9⅝ 84...	30	83¾	84¼	+0⅛	−1¼	14.83
Avco O/S Cap. 10¼ 87	40	74	75	−1¼	−1¼	16.58
Beneficial Fin. 9⅝ 87...	100	78¾	79¼	−0⅛	−2¼	14.58
CECA Grad. Rate 12 86	100	88¼	88⅞	0	−0⅝	14.77
CECA 11⅛ 90	50	85½	86½	−0⅛	−0⅛	14.35
Canadian Pacific 9¾ 89	50	79⅞	80⅛	+0⅛	−1½	13.68
Carter Hawley 9¾ 86...	50	80½	81	0	−1¾	14.62
Comalco Inv. E. 10¼ 91	40	79⅜	79⅞	+0⅛	−0⅜	13.90
Continental Grp. 9⅝ 86	100	80⅜	80⅞	+0¼	−1½	14.51
Dome Petroleum 10 94	50	77⅝	78⅛	0	−1½	13.56
Dominion Bridge 10¼ 84	30	86⅞	87⅜	+0⅛	−1	14.50
EIB 11¼ 92	80	84⅛	84⅝	−0⅛	−1	14.58
EIB 10.15 99	100	†72	74	−0½	−2¾	14.83
Ekportfin 11¼ 87	50	87¾	88¼	+0⅜	−0½	14.08
Export Dv. Cpn. 9¾ 84	100	83¾	84¼	+0¼	−1¼	14.81
Export Dv. Cpn. 9⅝ 84	150	83⅞	84⅜	+0¼	−1⅜	14.84
Finland 9⅝ 89	100	75⅝	76⅛	0	−1⅛	14.94
GTE Finance 9¾ 89	55	79	79½	+0½	−0⅝	13.83
GMAC 9¼ 86	100	80⅜	80⅞	+0⅛	−1⅜	14.11
GMAC O/S Fin. 11 84	100	88⅞	89⅜	−0⅛	−1⅜	14.28
Gould Int. Fin. 9¾ 85...	50	83⅛	83⅝	−0⅛	−1⅝	14.71
ITT Antilles 9½ 89	75	76⅞	77⅜	+0⅛	+0⅛	14.11
Kennecott Int. 9½ 86...	100	79	79½	−0⅛	−1½	14.87
Manitoba 9½ 89	75	77⅝	78⅛	0	−1	13.97
Michelin 10 94	125	74⅛	74⅝	0	−0⅛	14.23
Nat. Des. Telecm. 9½ 86	100	81⅛	81⅝	−0⅛	−2¼	14.18
New Brunswick 9¾ 94	75	73⅜	73⅞	−0⅛	−2	14.18
Newfoundland 10 94	50	77⅞	78⅜	0	−1	13.57
Norges Komm. 9⅞ 99...	100	72	72½	+0⅛	−1⅜	1.457
Norway 9½ 84	150	84⅛	84⅝	+0⅛	−1¼	14.84
Nova Scotia Pwr. 9¾ 89	50	79½	80	0	−1⅛	13.76
Occidental Fin. 10¼ 84	50	86	86½	0	0	14.86
Orient Leasing 9½ 86...	25	†78½	79	0	+0⅛	14.92
Pennwalt O/S F. 9¾ 84	25	83⅞	84⅜	+0⅛	−1⅛	15.11
Pepsico Cap. 9¼ 84	100	84½	85	+0⅛	−1⅜	14.61
Quebec Hydro 10 99	75	74½	75	+0⅛	−1	13.79
Sears Roebuck 9 82	150	89	89½	−0⅛	−1	16.01
Statoil 9⅜ 89	100	78⅝	79⅛	+0⅜	−0⅜	13.75
Sweden 9⅜ 89	180	78½	79	0	−1⅛	14.01
Sweden 9½ 86	200	80⅝	81⅛	0	−0½	14.80
Sweden 9⅞ 84	100	84⅛	84⅝	+0⅛	−1⅛	14.75
Unilever NV 9¼ 87	100	79½	80	+0⅛	−1	13.80
Warner-Lambert 9 84	100	83	83½	0	−1½	14.50

Average price changes... On day 0 on week −1⅛.

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	91	92	+0⅛	−0⅛	9.61
Asian Dev. Bk. 7¼ 89...	100	79⅝	80½	−0⅛	−2⅛	10.70
Australia 8⅛ 90	250	94⅜	95⅛	0	+0½	8.90
Barclays O'seas 6¾ 89	100	79⅛	80⅛	+0⅜	+0⅜	10.30
BFCE 7¼ 87	100	90¼	91½	+0⅜	+2	9.57
BFCE 8⅛ 95	100	86⅝	87⅜	+0⅛	+0⅞	9.82
Brazil 8 87	150	86⅞	87⅞	+0½	+0½	10.56
CECA 7 91	150	82⅞	83⅞	−0⅛	−0⅜	9.49
Council of Eur. 7¾ 89	100	86⅛	87⅛	−0⅜	+1⅛	9.48
Denmark 7⅞ 86	100	89¼	90¼	+0¼	+0⅛	10.28
Denmark 8¼ 92	100	86½	87½	+0⅜	+1	10.18
EEC 7⅞ 94	225	85⅞	86⅝	+0⅛	+0⅜	9.66
EIB 7½ 89	200	83⅜	84⅛	0	+0⅝	10.31
Finland Rep. of 8 86	150	91⅛	91⅞	+0⅛	−0⅝	9.77
Kobe, City of 7¼ 89	150	82⅜	83⅛	−0½	−0⅞	10.01
Neder. Gasunie 8 86	100	91	92	0	−0½	9.78
New Zealand 7½ 87	200	84	84¾	−1⅛	−0⅛	10.20
Norges Komm. 7¾ 91	150	85½	86½	+0⅛	+0½	9.85
Norway 7½ 85	250	91⅞	92⅜	−0⅛	+0½	9.57
OKB 6 87	40	81½	82½	0	−1½	9.71
OKB 7⅛ 89	100	82⅛	83⅛	+0⅛	+1⅛	10.31
World Bank 7⅜ 91	400	83½	84¼	0	−0⅛	10.21
World Bank 7⅞ 90	250	86⅞	87⅝	0	+0⅞	9.97

Average price changes . On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	86⅜	86⅞	+0½	+2⅞	7.55
Aumar 5 89	60	84	84½	+0¼	+0⅛	7.40
Australia 3⅝ 89	250	79¼	79¾	+0¼	−2⅛	6.73
Bergen, City of 4¾ 91	40	83	83½	−0¼	+1⅛	6.93
BNDE 5 89	75	78⅛	78⅝	+0⅛	+0⅛	8.43
BMW Overseas 4¾ 91	100	84¾	84⅞	+1½	+2⅛	6.16
Caisse Nat. Tele. 4⅝ 89	100	83½	84	+0¼	+0¼	6.76
Canada 3⅝ 89	300	79⅜	79⅞	+0⅛	−1⅞	6.72
CCCE 5¾ 90	100	†94	94½	−0⅛	−1	6.56
Copenhagen 4½ 91	60	75½	76	−0⅛	+0⅜	7.76
Council of Eur. 5 88	100	85	85½	+0⅛	+2	7.16
EIB 4½ 91	100	79⅜	79⅞	−0⅛	−0⅛	7.22
EIB 4¾ 94	100	78½	79	−0⅛	+3½	6.72
Elec. de France 4⅝ 89	100	86	86½	+0¼	+0½	6.37
GZB 4¼ 89	100	85	85½	+0⅛	+1⅛	6.35
Hilti 4½ 91	35	85	85½	+0⅛	+1⅝	6.04
Int.-Amer. Dev. 4½ 89	100	80⅛	80⅝	+0⅛	+2⅝	7.48
Jutland Tele. 5½ 90	50	93¾	93¾	+0⅛	+1⅜	6.41
Malaysia 5 89	80	83¼	83¾	+0⅛	−0⅞	7.47
Nippon Tel. & T. 4¼ 89	100	83¾	84¼	+1⅛	+1½	6.56
Nordic Bank 5 89	45	88	88½	−0⅛	+0⅜	6.73
Norges Komm. 4⅜ 91	100	80⅛	80⅝	−0⅛	−0⅛	6.91
OKB 3⅛ 91	100	75¼	75¾	+1⅞	+0½	7.02
OKB 4⅛ 91	100	79½	80	+0⅛	−1	6.98
Oslo, City of 4⅜ 91	100	79	79½	−0½	+0⅞	7.05
Shikoku El. Pwr. 4¾ 89	100	85	85½	+0½	−0½	6.93
Steweag 4¾ 91	60	84	84½	−0⅛	−0⅛	6.79
Voest-Alpine 4¾ 89	90	85¼	85¾	+0¼	+2	6.93
World Bank 4⅝ 89	100	85½	85⅞	+0⅛	+3⅞	6.74
World Bank 4⅝ 89	150	80⅛	80⅝	+0⅛	+0⅞	7.33
World Bank 4⅝ 91	100	80½	81	+0⅜	−0⅛	7.09

Average price changes... On day +0⅛ on week +0⅛.

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	80	80½	−0¼	−1⅛	12.82
Australia 6½ 88	20	72¾	73	−0¼	+0⅛	11.91
EIB 7⅛ 89	12	†79½	80½	−1½	−5⅝	11.29
Finland 5.6 83	10	82	83	0	0	11.81
Finland 6.8 88	10	†75	75½	−1½	−4½	11.65

Average price changes... On day −0½ on week −2

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¼ 86 C$	25	79¾	80¼	0	−0⅛	15.59
Bell Canada 10⅝ 86 C$	60	85⅛	85⅝	0	−0½	14.27
Cr. Foncier 10⅝ 84 C$	30	85⅛	85⅝	+0⅛	0	14.86
[illegible] 10 [illegible] C$	50	85½	86	0	−0⅞	14.83
Fst. Can. Inv. 10 84 C$	50	[illegible]	[illegible]	[illegible]	[illegible]	15.51
Hudson Bay 10½ 89 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec 10½ 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. Bk. Canada 10 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. Bk. Canada 10 84 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen 8½ 91 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
COFTE 8¼ 89 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U. Bk. Nrwy. 9½ 90 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene Bk. 8¼ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ned. Gasunie 8¼ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ned. Middbk. 8¼ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 8½ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 8⅜ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips Lamps 8⅝ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Air France 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 9⅝ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 11½ 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gaz de France 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM France 11⅞ 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renault 9⅞ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saint-Gobain 9½ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay et Cie 9⅞ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Oil 9⅞ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 10 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 11½ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance for Ind. 13 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. for Ind. 12¾ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. for Ind. 14½ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Co. 12½ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Indonesia 8½ 91 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi 7¾ 84 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 7⅞ 89 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Occidental 8½ 91 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 8.87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 9⅝ 89 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB [illegible] LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volvo 9⅝ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banco di Roma Int. 8 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Ireland 5¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo 5⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays O/S Inv. 5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen Bk. A/S 5 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bque. Indo Suez 5⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S F. 5 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S F. 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S F. 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Co-operative Bk. 5 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Creditanstalt 5½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNT 5⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 5½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jugobanka 8 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bank Japan 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB Japan 5⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB Japan 5⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mfrs. Han. O/S 5⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Intl. Fin. 5⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nacional Fin. 6⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit 5⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit 5⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Bk. Scot. 5⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Soc. C. de Bque. 6 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sogenal 5⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Standard Chart. 5⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 8⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TVO Pwr. 9 91 (D-lock)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Williams & Glyn 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. E. d'Alg. 5⅝ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅜ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ajinomoto 7⅜ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Alco Int. Fin. 9 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asahi Optical 7 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon 6⅜ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ciba-Geigy O/S F. 4 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Suisse 4⅜ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Daiei Inc. 6½ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Enserch Fin. 9⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LPC Internatnl. 8 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Meidensha Elec. 7 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Cpn. 6⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Seiko 7 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nitto Elec. Ind. 6 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toshiba Cpn. 6⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Bk. Switz. 5 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu 5 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kansai Elec. 4 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyu Ld. Cp. 4 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Uny Co. 6½ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Dearer energy boosts income and sales at BASF

BY KEVIN DONE IN FRANKFURT

BASF, ONE of the "big three" West German chemicals groups, had a successful year in 1979, boosting its group pre-tax profits by 48.2 per cent and its world sales by 20.5 per cent.

In a year of rapidly rising energy prices BASF has benefited strongly from its involvement in oil, gas and coal production as well as its wide interests in oil refining and marketing and basic petro-chemicals production.

Its performance has clearly outstripped its more specialist rivals, Hoechst and Bayer, which are more heavily involved in the high technology area of the chemicals industry.

BASF said yesterday that its world-wide sales — including those by subsidiaries in which it holds at least 50 per cent of the equity—rose last year by 20.5 per cent to DM28bn ($14.18) compared with DM23.2bn in 1978.

Group sales increased by 20.4 per cent to DM25.9bn while group pre-tax profits jumped by 48 per cent to DM1.7bn.

By comparison, Hoechst, the largest West German chemicals company, managed to increase group sales last year by only 11.1 per cent to DM26.9bn. Pre-tax profits of the Hoechst parent company increased by 27.5 per cent to DM907m, while the BASF parent concern boosted pre-tax profits to DM994m, a rise of 46.6 per cent.

BASF, which has its major production sites in Western Europe at Ludwigshafen on the Rhine and Antwerp in Belgium, also announced yesterday that it is planning a major management reorganisation, which will involve executive board members being more directly engaged in individual product groups and in foreign regions.

The company said that the new management structure, which is still to be finalised, was aimed at strengthening BASF's international presence in the 1980s.

It recognises the chemical group's considerable expansion overseas in the last decade and will give each board member a regional or country responsibility around the world. At the same the group's present four manufacturing areas — basic chemicals, oil and gas and agrochemicals; plastics; dyestuffs, chemicals and dispersions; and consumer products including pharmaceuticals, are to be split into eight divisions.

Each division will report to a main board director and perhaps most importantly products divisions will operate on a world-wide basis. Hitherto BASF has had four manufacturing sectors in Europe together with a fifth sector, overseas business, which included all the group's products.

BASF said yesterday that the main progress last year was made by chemicals and plastics. Sales of basic petrochemicals, dyestuffs and agricultural products also expanded satisfactorily, but consumer sectors, including pharmaceuticals, fell below the group's average rate of growth.

Advance by Oversea Chinese Banking

By Georgie Lee in Singapore

THE OVERSEA CHINESE Banking Corporation (OCBC) has reported a 27 per cent gain in group profit for the year ended December 1979. After providing for taxation, minorities, diminution in assets, and allocations to inner reserves profit was S$62.71m (US$29m) against S$49.2m previously.

OCBC has proposed a scrip issue of one new share for every ten shares held, and has declared a final gross dividend of 7 per cent and a bonus dividend of 7 per cent, *making* a total of 18 per cent for the year. The previous year's total dividend was 20 per cent on the old capital of S$136m. OCBC's issued capital was raised to S$191m last year through a bonus-cum-rights issue.

OCBC reminded shareholders that as the proposed bonus scrip issue will not affect the earning capacity of the company, it does not imply that the total distribution by way of dividends will be increased.

Profits rise at Bank Bumiputra

By Wong Sulong in Kuala Lumpur

GROUP pre-tax profits at the Malaysian Government sponsored Bank Bumiputra, which is Malaysia's second biggest bank, rose by nearly 40 per cent to 35.6m ringgit ($15.8m) for last year.

The bank said it benefited from the strong growth of the Malaysian economy, particularly higher export earnings, which led to a sharp influx of funds to the banking system.

At the bank level, Bank Bumiputra said its pretax profit for 1979 was 30.7m ringgit or nearly 36 per cent higher. Its wholly-owned finance company, Kewangan Bumiputra Berhad, improved its pre-tax profit from 2.2m ringgit to 3.1m ringgit, while pre-tax earnings at the subsidiary merchant bank, Bumiputra Merchant Bankers showed an increase from 0.6m ringgit to 1.1m ringgit.

Total deposits of the bank rose by 43 per cent to 5.6bn ringgit, while total loans and advances increased by 42 per cent to 2.26bn ringgit.

A significant landmark in the bank's operations was its appointment last November as the *lead manager* for the U.S.$550m Eurodollar loan for Malaysia Lng. which is building a liquid natural gas plant at Bintulu in Sarawak.

The bank established an off-shore banking unit in Bahrain, and a desk office at Bank Bumi Daya in Jakarta during the year in addition to its branches in London, *New York, Tokyo and* Hong Kong.

LONG-TERM DOLLAR LOANS

Japan in April return to syndicates

BY RICHARD C. HANSON IN TOKYO

JAPANESE BANKS will be able to re-enter the business of long-term Eurodollar loan syndicates by about the middle of April, after the authorities have approved individual bank lending plans for the next six months. The authorities, however, are resolved to keep the amount of Eurocurrency lending well below the levels of last year, when Japanese bank net loans exceeded those of the Americans.

The Ministry of Finance held its long-awaited meeting with the top banks on Tuesday to explain the guidelines under which the freeze on long-term Eurodollar lending, in effect since October, will be lifted. The tone of the instructions was cautious, with most of the emphasis placed on avoiding a sudden rush of loans, which could disrupt the recent turn in market conditions in favour of the lenders.

The authorities might be inclined to approve applications from the banks for loans on an urgent basis before an assessment of bank lending plans for the April-September half-year. But the basic intention of the Ministry of Finance is to establish with each bank just how much it plans to lend, and to decide whether the aggregate for all the banks is excessive, before it gives the go ahead.

On the question of funding long-term lending (over one year) with medium term borrowing (one to three years) officials have not changed the general guideline of a 60 per cent ratio. They will, however, place greater emphasis on assessing the funding ratio in terms of "remaining maturity" rather the original maturity. This is not expected to cause banks much discomfort, as most have already kept within the *general matching guideline.*

The Japanese press has reported that the authorities are seeking a limit on loans in the fiscal year 1980-81 of about half the amount of the 1978-79 financial year, making about $5-6bn. Bank of Japan officials would only say that the increase will be kept well below the pace of a net increase of about $10bn i nthe calendar year 1979.

The authorities will expect the banks to follow established prudent limits on lending to high risk countries. *Certain* countries to which Japanese banks lend heavily could be subject to greater scrutiny, but bankers were given no definite instructions.

The vagueness of the official guidelines, as so far revealed to bankers, does not mean that the authorities do not have clear targets in mind. Banks which overstep these bounds will no doubt *be reined in quickly.*

The Ministry of Finance is concerned to maintain a delicate *balance. There is strong* pressure for Japanese banks to participate in the smooth recycling of petrodollars piling up in the oil producing states, on the one hand. On the other, a rapid *increase in borrowing by the* London branches of Japanese banks to fund long-term loans *could restrict the borrowing* capacity of Japanese banks at home, which have had sharply *to increase their borrowings* to meet higher costs for imported oil this year.

This is important because, with the cost of imported oil to Japan up billions of dollars over the last year, the ability of the Japanese banks to borrow has become crucial in helping to finance the heavy balance of payments deficits Japan continues to suffer.

This concern over the balance of payments has heightened over the past four or five *months as forecasts* of an earlier narrowing in the deficit proved unfounded. The official view now is that the deficit situation will not improve substantially until the latter part of the 1980-81 fiscal year, which begins April 1.

Iberia turns in heavy losses

BY ROBERT GRAHAM IN MADRID

IBERIA, the Spanish national airline, reports a loss of Pta2.59bn ($35m) for 1979, compared with a profit of Pta700m. The loss has been attributed to a combination of delays in the introduction of new tariffs, the sharp rise in fuel costs, and the temporary grounding of the airline's DC-10 fleet, after the Chicago accident.

Iberia's overall operating loss was Pta6.19bn ($88m) but this was reduced mainly through the sale of used aircraft. Operating costs rose during the year by 21 per cent to Pta96bn ($1.3bn). Passenger revenue rose by 9 per cent to *Pta70bn ($1bn)* and cargo income growth was even more sluggish, up 3 per cent at Pta9.5bn ($1.35m.).

Officials said income fell substantially short of projections. A sizeable portion of this was due to the four-month delay in *approving new tariffs after* energy prices had gone up. This cost the airline Pta2.8bn ($40m). The grounding of the seven DC-10s in the Imeria fleet following the Chicago accident resulted in a further Pta500m ($7.1m) loss.

Two other factors also affected income — the drop in passenger traffic caused by the ETA bombing campaign in Spanish holiday resorts last summer; and the strengthening of the dollar against a substantial number of European and international currencies.

During the year the company carried a total of 14.4m passengers, an increaset of 5.8 per cent. The company continued to sustain losses on its domestic routes. This was mainly accounted for by the large *subsidy element* in certain routes especially those connecting the Canary and Balearic islands.

To meet the difficult prospects ahead, Iberia is carrying out a large scale rationalisation programme trying to achieve a better distribution of its services and those of Aviaco the domestic carrier in which it has a controlling stake.

The company will also concentrate its purchases on wide bodied aircraft, especially the Airbus. Four are due to be *delivered in 1981 and there is* an option on a similar number for 1983. This year Iberia will *further boost its fleet of Boeing* 747s with two new aircraft nad one new DC 10.

Kloeckner trading arm sees peak result

BY OUR FINANCIAL STAFF

PEAK earnings are expected for 1979 by Klockner and Co., the *trading arm of the Kloeckner-Werke steel group, following a* rise of a fifth in sales to DM 9.5bn ($5.02bn).

The company said yesterday that net profits would emerge at between DM 40m and DM 45m, compared to the DM 33m achieved in 1978. Steady sales and satisfactory profits were forecast for the current year.

Domestic third party turnover reached DM 9.5bn last year, compared with DM 7.8bn in 1978, and sales including foreign subsidiaries exceded DM 10bn, in comparison with DM 8.5bn in 1978. All areas of the group's activities contributed to the improved result.

The danger of inflationary developments on world markets provides "cause for concern" and it is possible that a decline will set in during the second half of 1980. But the wide spread of its activities make Kloeckner confident it can hold *domestic and foreign* turnover at the levels reached and record a satisfactory result for the year as a whole.

Sales in steel trading improved last year to yield a satisfactory result, but was affected by the need for "high risk provisions in view of exceptional political influences." The improvement int he steel market did not, however, lead to higher prices and the group's steel warehousing business produced less than satisfactory results.

Recovery falters at David Jones

BY JAMES FORTH IN SYDNEY

THE RECOVERY by the David Jones departme store group since its poor results in 1977-78 faltered in the first half to January but the directors have maintained the interim dividend at 4 cents a share. Profit fell by *3.3 per cent from A$4.19m to* A$4.06m (U.S.$4.4m). Domestic sales edged marginally lower, *from* A$200m to A$193m (U.S.$210m) but sales from the U.S. operations rose by 24 per cent to U.S.$75m, nd stopped an ever sharper decline in earnings.

David Jones suffered a reversal in 1977-78 when the profit dropped from A$6.94m to A$4.32m. It largely recovered in 1978-79, to A$6.18m before the setback in the latest results *which included the Christmas* trading period.

On a pre-tax basis profits ʟctually edged up from A$8.1m to A$8.6m but tax rose from A$3.9m to A$4.4m. The pre-tax earnings of David Jones (Australia) rose by 22 per cent despite considerable losses from a store at Campbellfield, New South Wales. The directors said this store would take some time to reach profitability.

Other factors affecting the *result were a sharp rise in the* interest bill, and a substantially lower result from the 50 per *cent property* arm, DJ's Properties. Influenced by a heavy increase in interest rates faced in the U.S. operations, the interest bill jumped from A$5.6m to A$6.9m.

The directors partly attributed the fall in local sales to adherence to a policy that the company should not buy sales "at no profit." The sales that have been achieved were profitable, they added.

Sekisui Prefab increase

By Yoko Shibata in Tokyo

SEKISUI PREFAB HOMES, Japan's leading manufacturer of prefabricated housing raised its operating profits by 18.5 per cent to Y24.57bn ($98.6m). Net pro*fits rose 23.2 per cent* to Y12.64bn, on sales of Y366.02bn, up 20.5 per cent, over the pre*vious fiscal year.* Per share profits moved up to Y57.75, from Y53.27 a year earlier. The performance reflecting demand for higher grade products.

The company's housing construction fared well, up 21.9 per cent to account for 77 per cent of the total sales. Real estate sales, went up by 16.2 per cent, to make *23 per cent* of the total.

Sales increases resulted *mainly from higher lending* by the Housing Loan Corporation in the first half of the fiscal year, and from speculation on further rises in housing prices and in the interest rate on housing loans.

Sales of higher-priced products offset factors such as raw materials price increases.

For the current fiscal year, ending January 1981, the company faces various adverse *factors, such as the mining* official discount rate, and lending restrictions resulting from "window guidance" to the City banks geared to curbing inflation. In order to cover any slowdown in demand, and increasing costs, the company plans to lay stress on sales of higher value-added products. Operating profits for 1980-81 are expected to be Y26bn, up 6 per cent, and net profits at *Y13.5bn, up 8 per cent.*

Earnings ahead at Consolidated Press

BY OUR SYDNEY CORRESPONDENT

CONSOLIDATED Press Holdings (CPH), the publishing and broadcasting group controlled by Mr. Kerry Packer, lifted earnings by almost 19 per cent from A$7.6m to A$9.0m (US$9.8m) in the December half year. Turnover rose by 38 per cent to A$139m (US$151m). An unchanged interim dividend of 10 cents a share has already been *announced,* which is easily covered by earnings of 41.4 cents compared with 34.6 cents in the same previous period.

The directors said that during the six months a transfer of assets between two unlisted companies resulted in a surplus of A$16.3m which has been credited to the asset revaluation reserve. The directors forecast increasing costs in broadcasting and particularly in *magazine publishing.* They expect dramatic technological developments to foreshadow increasing and substantial demands on group resources. These trends and future demands would involve long range planning which "may well affect dividend policy."

Publishing and Broadcasting, the television offshoot 80 per cent owned by CPH, lifted earnings by 13 per cent in the same period from A$8.4m to A$9.5m.

* * *

TELEVISION Wollongong Transmissions (TWT) has pre-empted attempts by John Fairfax, the Sydney Press group, to sell an apparent 40 per cent controlling stake in Canberra *Television* by announcing a A$12.6m (US$13.7m) bid for the company. *TWT has already snapped* up 12.4 per cent of the capital of Canberra TV, largely through recent purchases.

Fairfax holds 30 per cent of Canberra Television, which operates the Canberra Television station CLTC-7, and two Fairfax pension funds owns another 10 per cent. These interests had to be sold to *comply with existing legislation* after Fairfax spent A$50m late last year buying shares in the Press group Herald and Weekly Times to thwart a partial bid for control by Mr. Rupert Murdoch's News Corporation.

TWT is offering A$5.25 a share which compares with recent share market sales of A$4.95. The directors of Canberra TV said yesterday that they did not know whether Fairfax had made any response to the TWT bid. The Canberra Board is seeking independent *advice on the TWT offer.*

Japan, which pioneered the electronics watch has run into stiff competition. Meanwhile, the Swiss watch industry has found entry into the new generation of watches made difficult by the lack of an electronics industry comparable with the Japanese.

Japan watch industry faces challenge

BY RICHARD C. HANSON IN TOKYO

THESE ARE not the best of times for the high-powered Japanese watch industry. The rapid spread of electronic watch technology, which the Japanese did so much to advance, has now led to stiff price competition among Japanese companies, and between Japanese and foreign companies.

Last year, for the first time in a decade, it appears that the value of Japan's watch exports *fell by 2-3 per cent* in cash terms, despite an increase in volume of about 10 per cent.

Exports had more than quadrupled in value since the beginning of the decade to over Y200bn ($800m), accounting for two-thirds of the Japanese industry's total sales value. (Total production, however, rose in value terms last year by about 20 per cent to 59m units.)

Part of the export decline resulted from the lingering influence in the first-half of the yen's strength of 1978. The biggest problem, however, is that quartz watches (57 per cent of the industry's production) have been declining in price precipitously.

Whereas, in 1975, one electronic watch had an average unit value of Y16,000 ($64) to the maker, by 1978 this had dropped to Y9,600 and last year to Y1,250 ($29). When quartz watches were first mass-produced by Seiko, in 1972, they *were selling for* Y70,000 in retail stores. Seiko now offers a watch under a second brand (Alba) for Y8,000. Discount offers both in Japan and the U.S. have become extreme. The dumping of slow moving inventories by manufacturers may have played a part in this.

The Seiko watch group, under the umbrella of K. Hattori and Co., a closely held company, has shown more outward signs of suffering than *its Japanese com*petitors—Citizen Watch Co., Orient Watch, Ricoh, Casio, and Sanyo Electric. Seiko brands account for about 50 per cent of all Japanese production.

*K. Hattori's profit perform*ance is difficult to judge, because its three main factories are established as independent subsidiaries, each with a score or more of their own subsidiaries. Each factory controls its own finances and profits and their results are not consolidated.

While the other makers expect profit increases, or at least no decline, Hattori has seen operating profit fall two years in a row. In the 1978-79 fiscal years, operating profit fell by 5.1 pe rcent, and in this month, it is believed to have shown a worse than expected drop of more than 20 per cent to Y7.3bn. *Sales should top last year's* Y280bn by about 5 per cent, but this is primarily because of *improved* domestic sales. Exports in the calendar year 1979 actually fell by 10 per cent, but are now improving.

Hattori has experienced increases in short-term debt, accounts receivable and inventories. Last year the company also absorbed the cost of introducing new low cost lines (under the *Alba brand name)* and faced, along with the rest of Japanese industry, increased *costs as Japanese interest rates* more than doubled.

Part of the burden stems from Seiko's aggressive advertising campaigns overseas. aLst year in the U.S. market, the company spent about $15 on advertising—up by about 10 per cent from the prior year). Advertising in Europe also increased, to the equivalent in some markets, of about 6 per cent of turnover.

Such aggressiveness means that there is little likelihood that Seiko will be dislodged from its hard won market shares in the U.S. and Europe. From the start of the past decade and from virtually no base, the company has taken advantgae of technological advances such as the (originally Swiss)quartz watch, to capture about 5 per cent of the U.S. market (35 per cent of the *market in its price range)* and 4 per cent in Europe (20 er cent in the price range).

Mr. Hideaki Moriya, the director of overseas marketing, is aiming for a 50 per cent share *in the U.S. market in the* range for which it competes $75-350). Seiko already accounts *for 70-75 per* cent of all Japanese watch exports.

Despite the Japanese challenge *the Swiss still dominate the top* renge of expensive watches abroad and in Japan (about 15 per cent of the watch market). and the Japanese are not shy about resorting to Swiss skill in producing higher quality watch cases, designs, and so on, which are used in the higher priced Seiko models, the Japanese, however, appear technologically the equal of the Swiss in all but the finest detals.

Facing both the Swiss and the Japanese, however, is the growing competition from other *low wage producing centres,* which can obtain readily the components for simple electronic watch assembly and undermine the market with cheap watches. Hong Kong is the biggest of the new watch producers in Asia. The Japanese themselves also moved much of their production of cheaper watches overseas, with dozens of subsidiaries, mostly in Asia, exporting both to Japan and slsewhere.

Painful readjustment for Switzerland

BY JOHN WICKS IN ZURICH

The Japanese—and now the Asian—challenge has forced the Swiss watch industry into a period of painful re-adjustment. Although Switzerland is still the most important watch producer and exporter in the world, the second half of the 70s saw widespread retrenchment and an overall drop in sales. Total industry exports — of watches, clocks, movements, cases and allied products — last year showed a value of SwFr 3.26bn ($1.82bn), or 12 per cent less than in 1974. Unit production shrank faster still, dwindling from 66,000 timepieces to well below 50,000.

This decline has been exacerbated by the strength of the Swiss franc. In terms of dollars, this doubled its value between 1974 and its 1978 peak. Even at its time of present "weakness," the trade-weighted index *for the Swiss franc* on the basis of the 15 major foreign currencies is up over 60 per *cent on the 1974 average.*

Swiss watchmakers were caught unprepared for the speed of technological change. Contrary to their expectations, the electronic watch has become extremely *popular.* Many manufacturers, who had for decades been doing excellent business with *their range of mechanical* models, initially shrugged off digital watches as a passing *gimmick. Entry* into the new generation of watches was in any case made difficult by the lack of *an electronics* industry in Switzerland comparable with that of Japan or the U.S.

Quality *stopped* "selling itself," and, in a largely craft-based business, 178 production units *closed down* between 1974 and 1979.

Even the big Swiss groups went *through* a sticky period; the Société Suisse pour l'Industrie Horlogère (SSIH) needed a *financial* boost in the form of a large participation by the trading company Siber *Hegner,* while the Société des Garde-Temps—now known as Hotec—was so badly hit by the *difficulties* of a U.S. subsidiary as to be in the process of cutting capital to avoid liquidation. The Asuag group last year announced a reduction of dividend, and said, frankly, that this should have happened years before.

Today, the situation looks a *little less gloomy, at least for* some sectors of the industry. First of all, the Swiss franc *has softened to a rate of* about SwFr 1.72 to the dollar, as against the disastrous SwFr 1.45 *to which is rose 18 months ago.* Simultaneously, the yen is, despite its passing weakness, *stronger against the Franc* than in the mid-1970s.

Also, the general decline in watch-industry activity *is* being partially offset by the positive results of Swiss self-help. Thus, output and marketing of electrical and electronic watches has been pressed, so that last year's exports *of such* watches were higher by 154 per cent in volume terms and 139.5 per *cent in value than in* 1976.

At home, operations are being made more profitable by an increase in *standardisation*—particularly the Asuag-backed programe for the mass production of "Monotyp" calibres — and the concentration of research and development.

Abroad, Swiss companies are making increased use of affiliated units in low-wage countries. While Swiss output totalled some 52.3m pieces in 1979, combined production by Swiss companies in Switzerland and elsewhere was some 82m.

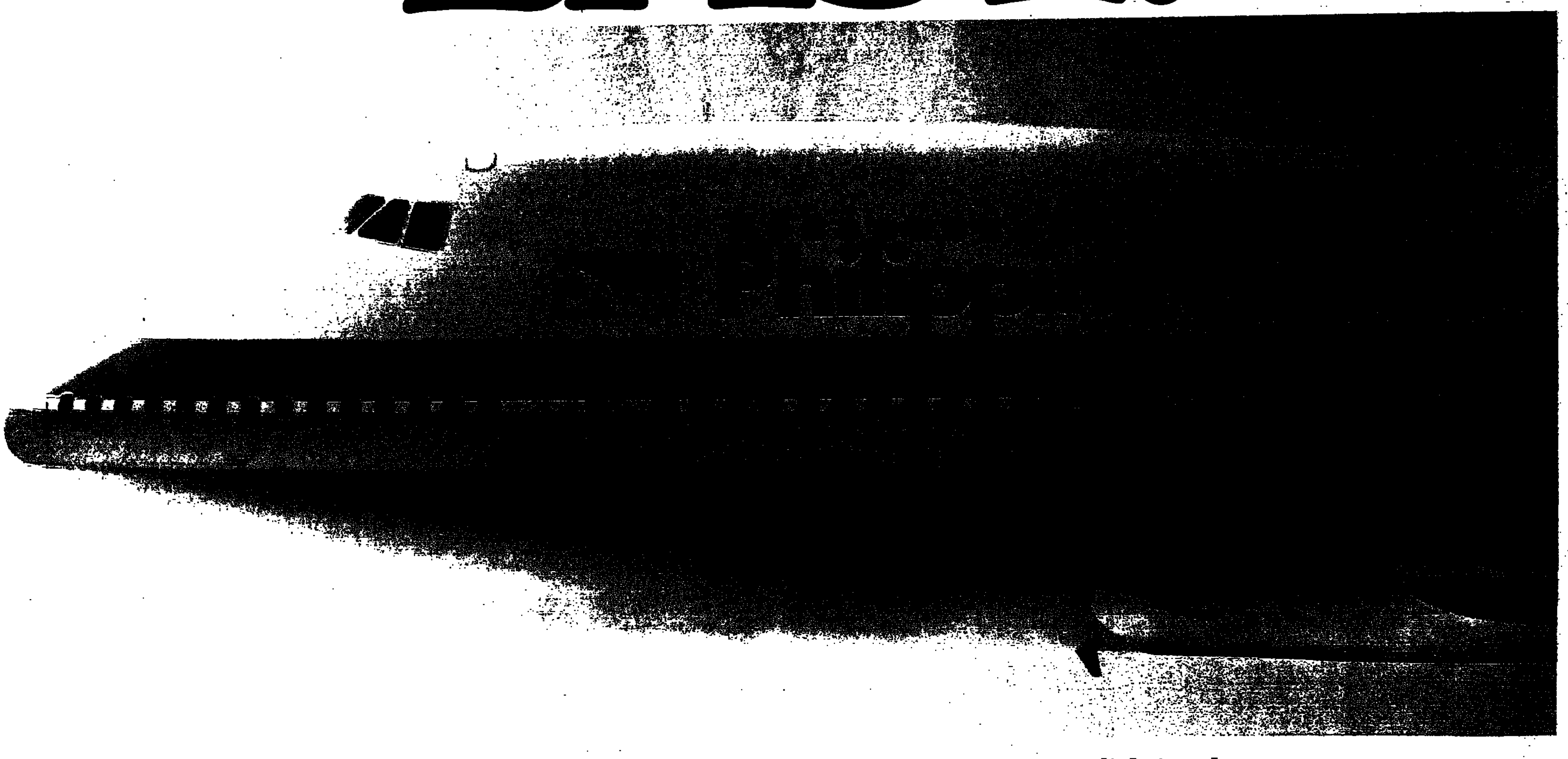
There are already signs of something approaching a recovery for the industry as a whole. In January, 1980, Swiss exports of watches and movements were higher by 4.8 per cent than those for the corresponding month of last year. In the third quarter of 1979—the latest period for which figures are available — orders were up 13.2 per cent on the year before.

But the pressure on employment remains—especially in those jobs connected with the *production of cheaper* mechanical watch movements —and the problem it magnified *by the concentration of the* watch industry in the Jura valleys.

Various projects have been launched to tackle this regional problem. One of the most effective is undoubtedly diversification into new branches of production where watchmaking *skills* can be used. A classical case of this is provided by the Portescap company of *La Chaux-de-Fonds,* which has shifted the accent in its production programme from watch *industry capital* equipment to lines such as micro-motors.

The watch-makers themselves are also increasingly active here. The biggest of them all, the watch and watch-component producer Asuag, is determined to bring non-watch products up to *20 per cent of its turnover.* It remains to be seen to what exent small watch-industry firms and *craftsmen can now be* urged into analogous trades. The trade association *Fédération Horlogère* and Chs. Tissot and Fils will next month launch a second campaign in this *direction,* pointing to new-industry possibilities in the watchmaking region.

THE BIG SLEEP EAST.



As Marco Polo discovered some years ago, the hardest part about doing business in the East is getting there.

It doesn't take so long these days, but 20 hours in an aeroplane can still be a harrowing experience.

From April 2 however, you can go East without, as it were, going West in the process.

Because that's when we begin our new twice-weekly 747 service between London Gatwick and the Philippines.

Now you may have learnt to treat the joys of flight with a certain cynicism.

But our claims to a unique service are fully justified.

We are the only airline to offer First Class passengers comfortable beds that are officially certified for occupancy during take-off and landing.

This means you don't have to get up in Bahrain in the middle of the night just because we're landing for fuel or at Bangkok if you are not alighting there.

You take off at 2.40, just in time for a cocktail and lunch. Spend the afternoon working or reading. Break for dinner from 6 to 7.30. Watch a movie and then retire to bed, waking up eight hours later refreshed and ready for action.

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We serve 'La Nouvelle Cuisine' in all classes and it has been judged by Plaisir Gastronome, the Swiss gourmet society, to be the finest airline food in the world.

And when you arrive in Manila our extensive network can whisk you direct to all the great commercial centres of the East and Australasia.

From April 2, there's only one way to go East. Catch the Big Sleep.

It could change all your ideas about air travel.

Twice a week to Manila. And all points East.

CURRENCIES, MONEY and GOLD

Dollar strong

THE DOLLAR was very firm in generally uncertain trading in the foreign exchange market yesterday. It touched a peak of DM1.9250 against the D-mark, the highest level since December 1978, and closed at DM1.9220, equal to the best levels touched in May last year, and compared with DM1.8925 on Wednesday.

In terms of the Swiss franc, the dollar was at its firmest point since July 1978, closing at SwFr 1.8300, compared with SwFr 1.7925 on Wednesday. On Bank of England figures, the dollar's trade-weighted index rose to 90.4 from 89.5, the highest level since May 1978.

Sterling's index, as calculated by the Bank of England, fell to 72.5 from 72.9, after standing at 72.5 at noon and 72.6 in the morning.

The pound rose to DM4.1850 from DM4.1575 against the D-mark, its highest point since July last year, but sterling lost ground against the strong dollar in rather nervous conditions. It opened at $2.1750, and touched a peak of $2.1850-2.1860 during the morning, before falling to $2.1755-2.1765 at noon. In the afternoon the rise of the dollar pushed the pound down to $2.1675-2.1690, but good commercial demand helped sterling to recover towards the close. It finished at $2.1750-2.1760, a fall of 2.05 cents on the day.

D-MARK—Weaker within the European Monetary System and against the dollar following expectations of a continuing balance of payments deficit in Germany, and effects of anti-inflation measures and higher U.S. interest rates—The D-mark continued to decline at the Frankfurt fixing yesterday, and the Bundesbank sold $33m when the dollar rose to DM1.9135 from DM1.8902. This was the highest fixing level for the U.S. currency for almost ten months, and the dollar continued to advance when it was known that the Bundesbank council had left its monetary policies unchanged. There was also no sign of significant intervention to defend the D-mark by the central bank in the open market. Sterling rose to DM4.1680 from DM4.1570 at the fixing, and members of the EMS also advanced against the D-mark, although the Dutch guilder was marginally weaker.

ITALIAN LIRA — Weaker within EMS recently, and now around middle of system after rising to the top during February. Also down against the dollar, leading to expectations of firmer interest rates to prevent capital outflows—The lira showed mixed changes against its EMS partners at the Milan fixing, improving against the D-mark but losing ground to the French franc. The dollar rose to L888.30 from L878.55, the highest level for four years, but sterling eased to L1,932.10 from L1,933.20 at the fixing.

DANISH KRONE—Remaining weak near bottom of EMS, despite two devaluations in last 12 months—The krone was mixed against other EMS currencies, rising against the D-mark, but declining against the French franc and Italian lira. Outside the EMS the Swedish krona, Norwegian krone and U.S. dollar were firm but sterling declined.

JAPANESE YEN — Energy problems reflected in sharp decline last year, which after a slight pause has been renewed, resulting in a support package and heavy central bank intervention—The yen lost ground in Tokyo yesterday, despite strong assistance from the Bank of Japan. The central bank sold an estimated $300m to $350m as the dollar rose to Y249.60 at the close from Y249.07½. The U.S. currency opened at Y249.20, and rose to Y248.80, where the authorities intervened heavily.

THE POUND SPOT AND FORWARD

March 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1675-2.1860	2.1750-2.1760	par-0.10c dis	−0.27	0.47-0.57dis	−0.96
Canada	2.5620-2.6010	2.5830-2.5840	0.75-0.65c pm	3.25	1.70-1.60 pm	2.55
Nethlnd.	4.54-4.58¼	4.55¼-4.57¼	3-2c pm	6.56	8¼-7¼ pm	6.67
Belgium	66.75-67.15	67.00-67.10	3c pm-7 dis	−0.36	18-8 pm	0.66
Denmark	12.94-13.03	12.99½-13.00½	2¼-4¼ore dis	−3.11	9¼-11 dis	−3.15
Ireland	1.1100-1.1160	1.1125-1.1145	0.07-0.03p pm	0.54	0.15-0.03 pm	0.41
W. Ger.	4.14¼-4.19	4.18-4.19	3¼-2¼pf pm	8.36	9¼-8¼ pm	8.24
Portugal	110.00-110.80	110.25-110.45	par-30c dis	−1.63	21-100 dis	−2.19
Spain	153.70-156.00	155.50-155.60	25-85c dis	−4.24	175-240 dis	−5.33
Italy	1,920-1,937	1,932½-1,933½	1½ lire pm-1½ dis	0.31	3¼-5¼ dis	−0.88
Norway	11.12-11.19	11.16½-11.17½	3¼-2ore pm	2.96	9½-8¼ pm	3.22
France	9.60-9.67	9.63½-9.64½	4¼c pm	4.36	10¼-9¼ pm	4.06
Sweden	9.62-9.69	9.68-9.67	3¼-2ore pm	4.03	10-9 pm	3.93
Japan	540-550	543½-544½	7.15-6.65y pm	1.98	2.65-2.35 pm	1.91
Austria	29.70-29.90	29.83-29.88	20-15gro pm	7.23	58-53 pm	7.43
Switz.	3.91-3.99	3.98-3.99	4¼-3¼c pm	11.67	11-10 pm	10.54

Belgian rate is for convertible francs. Financial franc 69.60-69.60. Six-month forward dollar 0.85-0.95c dis. 12-month 0.50-0.60c dis.

THE DOLLAR SPOT AND FORWARD

March 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1675-2.1860	2.1750-2.1760	par-0.10c dis	−0.27	0.47-0.57dis	−0.96
Ireland†	1.9530-1.9805	1.9540-1.9560	0.10c pm-par	0.31	par-0.10dis	−0.10
Canada	1.1885-1.1909	1.1895-1.1898	0.21-0.26c pm	2.57	1.05-0.98 pm	3.40
Nethlnd.	2.0920-2.1010	2.0955-2.1000	1.26-1.10c pm	7.00	4.07-3.97 pm	7.66
Belgium	30.74-30.93	30.81-30.83	4c pm-par	0.78	15-11 pm	1.69
Denmark	5.9620-5.9775	5.9690-5.9675	1.60-2.00ore dis	−3.52	3.50-4.00dis	−2.51
W. Ger.	1.9075-1.9250	1.9215-1.9225	1.48-1.38pf pm	8.90	4.45-4.35 pm	9.16
Portugal	50.70-50.80	50.70-50.80	par-15c dis	−1.77	10pm-35dis	−0.98
Spain	71.45-71.64	71.59-71.64	20-35c dis	−4.61	60-80 dis	−3.91
Italy	885.25-893.00	888.00-888.50	0.7-0.3 lire pm	0.61	0.5 pm-par	0.11
Norway	5.1110-5.1395	5.1290-5.1300	1.75-1.25ore pm	3.51	5.65-5.15 pm	4.21
France	4.4215-4.4310	4.4290-4.4300	1.80-1.70c pm	4.88	5.60-5.40 pm	4.97
Sweden	4.4265-4.4445	4.4425-4.4435	2.00-1.90ore pm	5.13	6.20-6.00 pm	5.49
Japan	249.70-250.10	249.85-249.95	0.50-0.35y pm	2.04	2.15-2.00 pm	3.32
Austria	13.69½-13.73½	13.71½-13.72½	8.70-6.00gro pm	7.30	30.00-26.00pm	8.45
Switz.	1.8010-1.8330	1.8295-1.8305	1.80-1.62c pm	12.20	5.23-5.15 pm	11.34

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Mar. 27	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.5	−22.8
U.S. dollar	90.4	−3.6
Canadian dollar	80.4	−17.6
Austrian schilling	151.6	+23.4
Belgian franc	113.7	+12.9
Danish kroner	104.9	−8.3
Deutsche mark	161.1	+42.9
Swiss franc	186.8	+72.0
Guilder	124.1	+19.0
French franc	99.7	−6.1
Lira	53.2	−50.6
Yen	116.7	+15.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Mar. 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.575005	0.606595
U.S. $	13	1.26593	1.33220
Canadian $	14	1.50392	1.58571
Austria Sch.	6¾	17.1063	17.9330
Belgian F	12	38.5476	40.5887
Danish K	13	7.47442	7.87595
D'Mark	7	2.39286	2.52225
Guilder	9½	2.62237	2.76098
French Fr.	9½	5.55595	5.85168
Lira	15	1112.12	1170.34
Yen	9	315.153	331.384
Norwgn. Kr.	9	6.43409	6.78355
Spanish Pta.	8	89.3114	94.0132
Swedish Kr.	10	5.56060	5.86167
Swiss Fr.	3	2.26728	2.38930

OTHER CURRENCIES

Mar. 27	£	$		£ Note Rates
Argentina Peso ...	3770-3790	1737-1743	Austria	29.75-30.00
Australia Dollar...	2.0060-2.0100	0.9225-0.9230	Belgium	68.85-69.35
Brazil Cruzeiro....	101.32-102.32	46.60-46.80	Denmark	12.93-13.01
Finland Markka...	8.39-8.40	3.8680-3.8700	France	9.55-9.61
Greek Drachma ..	88.819-90.917	40.85-41.05	Germany	4.15½-4.18
Hong Kong Dollar	11.03-11.05	5.0670-5.0720	Italy	1905-1970
Iran Rial	n/a	n/a	Japan	544-549
Kuwait Dinar(KD)	0.596-0.606	0.2759-0.2760	Netherlands	4.53½-4.56
Luxembourg Frc.	67.00-67.10	30.81-30.83	Norway	11.13-11.21
Malaysia Dollar...	4.9150-4.9250	2.2580-2.2600	Portugal	107-111
New Zealand Dlr.	2.2975-2.3025	1.0565-1.0575	Spain	149½-157¼
Saudi Arab. Riyal.	7.21-7.31	3.3295-3.3315	Sweden	9.63-9.69
Singapore Dollar.	4.8925-4.9025	2.2475-2.2495	Switzerland	3.95-3.97
Sth. African Rand	1.7610-1.7620	0.8095-0.8100	United States	2.166-2.175
U.A.E. Dirham	8.09-8.19	3.7350-3.7400	Yugoslavia	49½-51½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	39.7897	40.5598	+1.94	+1.03	±1.53
Danish Krone ...	7.72336	7.86039	+1.77	+0.86	±1.64
German D-Mark	2.48208	2.52684	+1.80	+0.89	±1.125
French Franc ...	5.84700	5.82812	−0.32	−1.23	±1.3557
Dutch Guilder ...	2.74362	2.76260	+0.69	−0.22	±1.512
Irish Punt	0.668201	0.673807	+0.84	−0.07	±1.668
Italian Lira	1157.79	1169.91	+1.05	+0.65	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.80-18.00 per cent; three-months 18.85-19.05 per cent; six-months 18.85-19.05 per cent; one year 17.30-17.50 per cent.

Mar. 27	Sterling	U.S.Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17⅜-17⅝	17-17¼	8½-9½	10¼-10½	1¼-1½	8½-8⅝	12¾-13	12-14	—	29½-30
7 days' notice	17⅞-18⅛	17⅛-17⅜	8½-9½	10⅜-10⅝	6¼-6½	8⅝-8¾	12⅞-13⅛	15-16½	16⅜-16⅝	17½-18½
Month	17⅞-18⅜	18-18¼	14-14⅜	10½-10¾	5¾-5⅞	8⅞-9	13½-13¾	16¾-17½	17⅞-18	15¾-16
Three months	18⅜-18⅝	19⅛-19⅜	14⅞-15¼	11⅛-11⅜	7⅛-7⅜	9⅝-9¾	14⅛-14⅜	18¾-19¾	19⅛-19¼	15⅛-15⅜
Six months	18¼-18½	19-19¼	15¼-15⅝	11¾-12	7⅝-7¾	10-10⅛	14 3/16-14 5/16	19¼-20¼	18 15/16-19 1/16	15¼-15⅝
One year	17-17¼	17⅜-17⅝	14¾-15⅛	12¼-12½	7 3/16-7 7/16	9 15/16-10 1/16	14⅞-15⅛	21-22	17½-17⅝	13¾-14

Long-term Eurodollar two years 15¾-16 per cent; three years 15¼-15½ per cent; four years 15-15¼ per cent; five years 14¾-15 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

Mar. 27	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.176	4.165	544.0	9.636	3.986	4.573	1933.	2.584	67.05
U.S. Dollar	0.460	1.	1.924	250.1	4.430	1.832	2.102	888.5	1.188	30.82
Deutschemark	0.239	0.520	1.	130.0	2.303	0.952	1.093	461.9	0.617	16.02
Japanese Yen 1,000	1.838	3.999	7.693	1000.	17.72	7.325	8.405	3553.	4.749	123.3
French Franc 10	1.038	2.257	4.342	564.5	10.	4.135	4.744	2006.	2.681	69.57
Swiss Franc	0.251	0.546	1.050	136.5	2.418	1.	1.147	485.1	0.648	16.83
Dutch Guilder	0.219	0.476	0.915	119.0	2.108	0.872	1.	422.7	0.565	14.66
Italian Lira, 1,000	0.517	1.125	2.165	281.4	4.986	2.062	2.365	1000.	1.337	34.69
Canadian Dollar	0.387	0.842	1.620	210.6	3.730	1.542	1.770	748.2	1.	25.95
Belgian Franc 100	1.491	3.245	6.242	811.3	14.37	5.943	6.820	2883.	3.853	100.

INTERNATIONAL MONEY MARKET

Rates to stay firm

Interest rates are generally expected to stay firm in Europe in the near future, with some countries finding it impractical to hold present interest rate levels as long as U.S. rates continue to rise. In Zurich money rates were quoted higher yesterday, with market attention focussed on the meeting of the Bundesbank central council. Before yesterday's meeting there was some speculation that the West German authorities may increase the discount rate, in which case the Swiss National Bank would have been expected to follow suit. However no such rise was announced. This leaves a considerable gap between the official discount rate of 3 per cent and Euro-Swiss franc rates at around 7 per cent for three-month deposits. However continued intervention in the foreign exchange market should serve to drain domestic liquidity and so increase domestic rates.

In Frankfurt the Bundesbank left its credit policies unchanged after yesterday's meeting of the central council. Money market rates however were slightly firmer overall, with the exception of call money, which fell to 8.50-8.60 per cent from 8.55-8.65 per cent.

In Paris call money eased to 12¾ per cent from 13 per cent while period rates were slightly firmer.

In Amsterdam short term money was slightly firmer and longer term rates also showed a slight rise. At the moment the high level of liquidity in the money market has ensured fairly low interest rates, and market conditions for the rest of this week are unlikely to show any significant change. One-month money rose to 10½-10¾ per cent from 10⅜-10⅝ per cent, and three-month money was higher at 11⅛-11⅜ per cent against 11-11¼ per cent.

Federal funds were quoted at 18¾-19 per cent in New York.

In Dublin the Central Bank of Ireland announced a decrease in the liquidity ratio for licenced banks to 9 per cent from 10 per cent. The bank pointed out that this did not indicate any change in policy but was designed as a temporary measure to compensate for the seasonal shortage of liquidity. The ratio is to be restored to 10 per cent as from May 10.

MONEY RATES

NEW YORK	
Prime Rate	19
Fed. Funds	18¾-19
Treasury Bills (13-week)	15.82
Treasury Bills (26-week)	15.67
GERMANY	
Discount Rate	7
Overnight Rate	8.55
One month	9.225
Three months	9.825
Six months	10.20
FRANCE	
Discount Rate	9.5
Overnight Rate	12.875
One month	13.4375
Three months	13.9375
Six months	14.0625
JAPAN	
Discount Rate	9
Call (Unconditional)	12.1875
Bills Discount (three-month)	13.8125

GOLD

Continued decline

Gold fell quite sharply in the London bullion market yesterday as selling pressure continued, reflecting the cost of high interest rates and the further attraction of the dollar. It closed $34½ down at $470-476 after a fairly active day. Gold opened at $484-490, and was fixed at $486 in the morning and $485.25 in the afternoon. The highest level touched was $495-505 around lunch on indications of higher oil prices from Iran.

In Frankfurt gold fell $31½ to close at $473-479, while in Zurich the metal finished $22 lower at $477-484.

	Mar. 27		Mar. 25	
Gold Bullion (fine ounce)				
Close	$470-476	(£216-219)	$538-543	(£245-247½)
Opening	$484-490	(£221½-224½)	$543-548	(£247½-250)
Morning fixing	$486	(£222.813)	$548.50	(£250.011)
Afternoon fixing	$485.25	(£222.847)	$547.25	(£249.090)
Gold Coins				
Krugerrand	$480-485	(£220-224)	$550-555	(£250-253)
Mapleleaf	$570-480	(£216-221)	$540-550	(£246-251)
New Sovereigns	$120-125	(£55-57)	$135-138	(£61½-63½)
King Sovs	$138-142	(£63-66)	$153-156	(£69¾-71½)
Victoria Sovs	$138-142	(£63-66)	$154-157	(£70-72)
French 20s	$120-125		$126½-131½	
50 pesos Mexico	$600-610		$658-668	
100 Cor. Austria	$473-483		$528-536	
$20 Eagles	$610-630		$660-670	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Further help

Bank of England Minimum Lending rate 17 per cent (since November 15, 1979)

Day-to-day credit was again in short supply in the London money market yesterday, and the authorities gave assistance on a large scale. This comprised small purchases of Treasury bills and a small number of corporation bills. The authorities also lent a large amount to 3 or 4 houses at MLR for repayment today. The market was faced with the repayment of Wednesday's small official advances and a small net take up of Treasury bills to finance. There was also an unwinding of a previous sale and repurchase agreement on a small number of eligible bank bills, and banks brought forward balances some way below target.

On the other hand Government disbursements exceeded revenue transfers to the Exchequer by a small amount.

Discount houses were paying up to 17 per cent for secured call loans at the start, with later balances taken as low as 16½ per cent.

In the interbank market overnight loans opened at 17¼-17½ per cent and eased to 17-17¼ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Mar. 27 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	16-17½	—	—	—	17½-17⅝	16½-17	—	—	—
2 days notice	—	—	18¼-18⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17⅝-18	18⅜-18½	—	18⅜	18-18⅛	16⅞-17	—	—	—
One month	18 1/16-17⅞	18-18⅛	18⅜	18-18⅝	18⅜	18¼-18½	16¾	16¼	17¾-17 13/16	18¼
Two months	18 1/16-17 15/16	18-18⅛	—	19-18⅝	18⅜	—	16⅝	16⅛	17⅝	18⅛
Three months	18⅛-17 15/16	18-18⅛	18⅝-18⅞	18⅛-18	18⅜	18⅜-18½	16⅝	16 1/32-16 1/16	17 9/16-17 5/8	17⅝
Six months	17 15/16-17 13/16	17 15/16-17 13/16	18⅛-18¼	18-17¾	18⅛	18¼	—	—	16⅜-16 5/16	16⅞
Nine months	17⅛-16 15/16	17-17¼	—	17¾-17⅝	17⅝	—	—	—	—	—
One Year	16⅞-16¾	16 15/16-17 1/16	17⅝-17⅞	17¼-17	17½	—	—	—	—	—
Two years	—	—	17⅛-17½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 18¼-18½ per cent; four years 18-18¼ per cent; five years 16-16¾ per cent. ϕBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17¼-17¾ per cent; four-month trade bills 17¾ per cent.

Approximate selling rates for one-month Treasury bills 15 15/16 per cent; two-month 16-16 1/16 per cent, three-months 16 1/32-16 1/16 per cent. Approximate selling rates for one-month bank bills 17⅝-17 11/16 per cent; two-months 17½ per cent; three-months 17¼ per cent; one-month trade bills 18 per cent; two-months 17⅞ per cent; and three-months 17¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from March 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.2071 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 19, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.5926
Algeria	Dinar	3.8525
Andorra	French Franc	4.3815
	Spanish Peseta	70.775
Angola	Kwanza	27.687
Antigua	E. Caribbean $	2.7025
Argentina	Argentine. Peso	1735.50
Australia	Australian $	0.9132
Austria	Schilling	13.565
Azores	Portug. Escudo	50.42
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3779
Balearic Isles	Spanish Peseta	70.775
Bangladesh	Taka	15.9399
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	30.46
	B. Franc (F)	31.405
Belize	Belize $	2.00
Benin	C.F.A. Franc	219.075
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	8.1699
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7782
Brazil	Cruzeiro	46.70
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.196
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Repub'c	C.F.A. Franc	219.075
Canada	Canadian $	1.1901
Canary Islands	Spanish Peseta	70.775
Cape Verde Isle	Cape V. Escudo	36.61
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Emp	C.F.A. Franc	219.075
Chad	C.F.A. Franc	219.075
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.614
Colombia	Col. Peso (O)	45.42
Comoros Islands	C.F.A. Franc	219.075
Congo (Brazzaville)	C.F.A. Franc	219.075
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7236
Cyprus	Cyprus Pound	0.3563
Czechoslovakia	Koruna (O)	5.25
Dem.Rep. S'oTome & Principe	S. Tome Dobra	38.7618
Denmark	Danish Krone	5.912
Djibouti Rp. of	Djibouti Franc	168.243
Dominica	E. Caribbean $	2.7025
Dominican Repub	Domin'cn Peso	1.00
Ecuador	Sucre	27.80
Egypt	Pound (3)	0.6885
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	70.775
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.912
Falkland Islands	Falkland Is. £ *	2.1992
Fiji Islands	Fiji $	0.8501
Finland	Markka	3.8355
France	French Franc	4.3815
French C'ty in Af	C.F.A. Franc	219.075
French Guiana	Local Franc	4.3815
French Pacific Is	C.F.P. Franc	77.5006
Gabon	C.F.A. Franc	219.075
Gambia	Dalasi	1.8188
Germany (East)	Ostmark (O)	1.893
Germany (West)	Deutschemark	1.893
Ghana	Cedi	2.75
Gibraltar	Pound *	2.1992
Gilbert Is	Aust. $	0.9132
Greece	Drachma	40.17
Greenland	Danish Krone	5.912
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.3815
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	34.7739
Guinea Republic	Syli	19.5092
Guyana	Guyanese $	2.5518
Haiti	Gourde	5.00
Honduras Repub	Lempira	2.00
Hong Kong	H.K. $	4.986
Hungary	Forint (O)	34.00
Iceland	I. Krona	363.40
India	Ind. Rupee	8.1699
Indonesia	Rupiah	625.00
Iran	Rial	71.50
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt *	1.975
Israel	Israeli Pound (4)	40.31
Italy	Lira	878.50
Ivory Coast	C.F.A. Franc	219.075
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	248.85
Jordan	Jordan Dinar	0.307
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.6345
Korea (Nth)	Won	0.94
Korea (Sth)	Won	580.50
Kuwait	Kuwait Dinar	0.2756
Lao P'ple D. Rep	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.417
Lesotho	Rand	0.8095
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.793
Luxembourg	Lux Franc	30.46
Macao	Pataca	5.365
Madagascar D. R.	MG Franc	219.075
Madeira	Portugese Escudo	50.45
Malawi	Kwacha	0.8125
Malaysia	Ringgit	2.203
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	438.15
Malta	Maltese Pound	0.3565
Martinique	Local Franc	4.3815
Mauritania	Ouguiya	43.56
Mauritius	M. Rupee	7.9032
Mexico	Mexican Peso	22.85
Miquelon	C.F.A. Franc	219.075
Monaco	French Franc	4.3815
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.8702
Mozambique	Moz. Escudo	29.4198
Namibia	Rand	0.8096
Nauru Is	Aust. $	0.9132
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	2.072
Netherland Antilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.9132
	FNH	70.8064
New Zealand	NZ $	1.039
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	219.75
Nigeria	Naira (O)	0.5803
Norway	Norwg. Krone	5.0845
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N. Guinea	Kina	0.6993
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	264.45
Philippines	Ph. Peso	7.38
Pitcairn Islands	NZ.$	1.039
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	50.45
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.70
Reunion Ile de la	French Franc	4.3815
Rhodesia	Rhd $	0.6935
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Sterling *	2.1992
St. Lucia	E. Caribbean $	2.7025
St. Pierre	C. F.A. Franc	4.3815
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S $	1.00
San Marino	Italian Lira	878.50
Saudi Arabia	Saudi Riyal	3.33
Senegal	C. F. A. Franc	219.075
Seychelles	S. Rupee	6.0613
Sierra Leone	Leone	0.9094
Singapore	Singapore $	2.196
Solomon Islands	S.I. $	0.9132
Somali Republic	Som. Shilling	6.0941
South Africa	Rand	0.8096
Spain	Peseta	70.775
Spanish ports in North Africa	Sp. Peseta	70.775
Sri Lanka	S. L. Rupee	15.67
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.8096
Sweden	S. Krona	4.3955
Switzerland	Swiss Franc	1.793
Syria	Syria Pound	3.9262
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan. Shilling	8.2893
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	219.075
Tonga Islands	Pa'anga	0.9132
Trinidad & Tob	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.3961
Turkey	Lira	70.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.9132
Uganda	Ug. Shilling	7.6345
United Arab Emir	UAE Dirham	3.737
United Kingdom	£ Sterling	2.1992
Upper Volta	C.F.A. Franc	219.075
Uruguay	Urug. Peso (m)	8.65
U.S.S.R.	Rouble	0.654
Vatican	Italian Lira	878.50
Venezuela	Bolivar	4.2937
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Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9385
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	20.0895
Zaire Republic	Zaire Zaire	2.1048
Zambia	Kwacha	0.8095

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate. (1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports. (3) Egypt—A different rate applies to certain transactions with non-IMF countries. (4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.

THE PROPERTY MARKET BY MICHAEL CASSELL

Property gets Budget nudge

THOUGH FEW of Wednesday's economic measures can have been designed with the property sector uppermost in the Chancellor's mind, it could in several respects find itself affected by what can only be described as Budget "spin-off."

Perhaps the move calculated to have the most direct impact on the development industry is Sir Geoffrey's pledge to introduce measures designed to cut out uncertainty surrounding Development Land Tax liabilities prior to the commencement of a scheme. "Other improvements" to a system which many believe is riddled with anomalies and iniquities are also promised, though there is to be no change in either the 60 per cent rate or the £50,000 exemption limit.

The unknown DLT factor in the development process—only a start on site enables the tax-payer/developer to assess liability—has without doubt held back some projects and while the formulation of a mechanism to calculate tax in advance could raise substantial practical problems (as well as bring forward payment) it could answer some of the industry's criticisms.

But the wider question of the "deemed disposal" concept and charges arising from it seems unlikely to be tackled, at least in the foreseeable future. The construction and development industries might, however, be forgiven for believing there is light at the end of the tunnel.

The decision to lift DLT from charities, in some cases substantial landowners, could also help ease the land supply problem. It remains to be seen how many developers might chance their luck at conversion to charity status.

The Chancellor's proposal to establish experimental enterprise zones in "areas of physical and economic decay" might in itself seem to be of little initial consequence to the development world but if the strategy begins to work it could have a progressively significant impact on development activity.

As for the government's preliminary choice of locations, at least some property market pundits are prepared to say that several of the ne wzones could prove to be commercially attractive propositions and do not necessarily represent a vain attempt to restruct areas best left dead and buried.

The view in some quarters is that the entehprise package—including 100 per cent caiptal allowances nad derating for industrial and commercial buildings, DLT exemption and "simplified planning" — could go a long way to getting new buildings up and, as importantly, establishing or stimulating businesses which can then take space. The question is whether such incentives could lead to an oversupply of accommodation in specific areas.

Development activity involving nursery factory units could also be boosted with the introduction for three years of a 100 per cent capital allowance on the construction, improvement or alteration of buildings of 2,500 sq. ft or less. The existing industrial buildings allowance will be given on construction rather than on first letting.

IN BRIEF

● Lazard Property Unit Trust, which provided interim development finance for the scheme, is paying around £1.7m for the Trafalgar House Developments' office building at 221 West George Street, Glasgow. Purchase of the 21,500 sq ft redevelopment will show the Trust a return of about 5¼ per cent. Lazard was represented by Pepper Angliss and Yarwood and Healey and Baker acted for Trafalgar.

● Estates and General Investments expect to realise over £1m from the forward sale of its India Pavilion warehouse scheme at Wembley to Cannon Assurance. The scheme will be finished in April and offers a total area of 36,000 sq ft, half of which is under offer. Edward Gray acted for Estates and General in the funding and Conrad Ritblat advised Cannon.

● Chase Manhattan Bank has instructed Richard Ellis to find a tenant for 1, Mount Street, Mayfair, which is on the corner of Berkeley Square. Asking rent for the 15,405 sq ft of space is a weighty £265,000 a year though the building, offered on a 25 year lease with five year reviews, is in an excellent location.

Record at BR Property

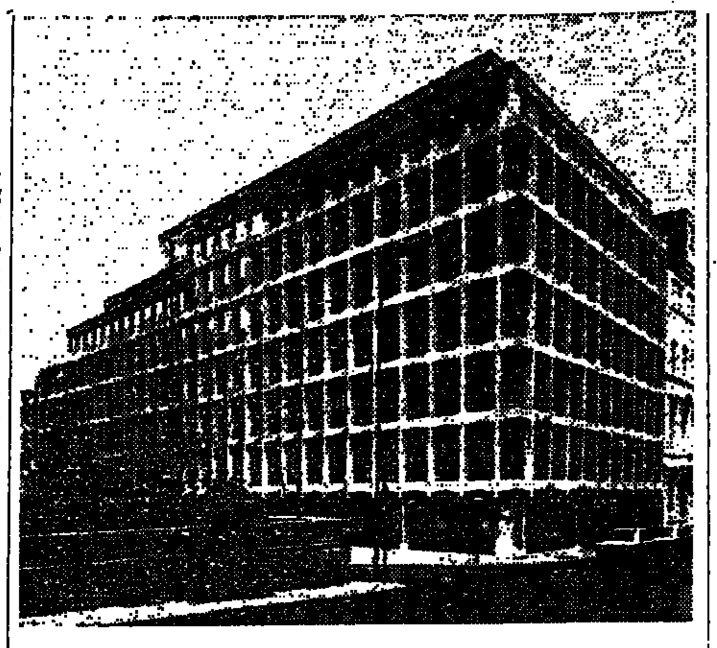
MR. BOBBY DASHWOOD will tomorrow bow out as managing director of British Rail Property Board, leaving behind him 44 years of service and a record set of annual results.

The Board, which is actively seeking the type of commercial freedom and independence that could see it developing schemes on its own with the aid of some form of private sector capital injections, yesterday reported a 22 per cent rise in gross rental income from railway operational and non-operational property, taking the figure to £41.8m.

Net profits of £30.1m represented a rise of nearly 19 per cent from the previous year, the highest increase in the Board's history. DLT liability has been assessed at £1.7m.

Apart from its management operations, the Board continued to sell surplus land and sales of 2,664 acres were completed for £13.7m. Since 1964, the Board has raised £226m in selling off 79,000 acres.

Over 1.3m sq ft of railway land was developed in 1979 with another 3.7m sq ft under construction. The Board says that planning is still going forward for the huge development project centred on Liverpool Street and Broad Street stations in the City, though projections costs and space demand remain far from certain. Discussions concerning DLT liability are also continuing.



The Post Office Staff Superannuation Fund has paid around £4½m for an office development in Brussels' Quartier Leopold.

The building, located on the corner of the Rue Joseph II and the Rue Maira-Therese comprises seven upper floors and three basement levels and provides about 6,000 sq metres of air conditioned office space. The building is let on long leases to the Belgian State and the British Embassy consular division. The price paid showed an equated yield of around 6½ per cent and St. Quintin acted on behalf of the developer owner. Richard Ellis represented the Post Office.

The Brussels property helps maintain the Fund's active acquisition policy which stretches throughout Europe and across to the United States. In its last financial year, Possfund spent £80m on property investment, of which £64m was in the UK.

The Fund has been investing heavily in Europe and North America and at the start of last year paid £3½m for a warehouse complex at Zaventem close to Brussels.

Marlborough to get a helping hand

MARLBOROUGH PROPERTY HOLDINGS this week provided its own interesting solution to the problem of overcoming limited financial resources in order not to miss a good development opportunity.

The small property investment and development group, where trading profit in the first half of 1979 reached £86,000, is joining forces with a bigger fish —Property and Reversionary Investment Corporation — in order to carry out a £12m trading estate development at Frimley in Surrey.

Marlborough, which came to the market in 1978 via the reverse takeover of Chown Securities, is taking a 49 per cent share in Albany Commercial and Industrial Developments, a subsidiary of Property and Reversionary, which will retain the outstanding 51 per cent interest. Albany was set up around six years ago as the vehicle for some dealing developments with a former Property and Reversionary partner but it has recently been lying dormant with around £50,000 of accrued profits.

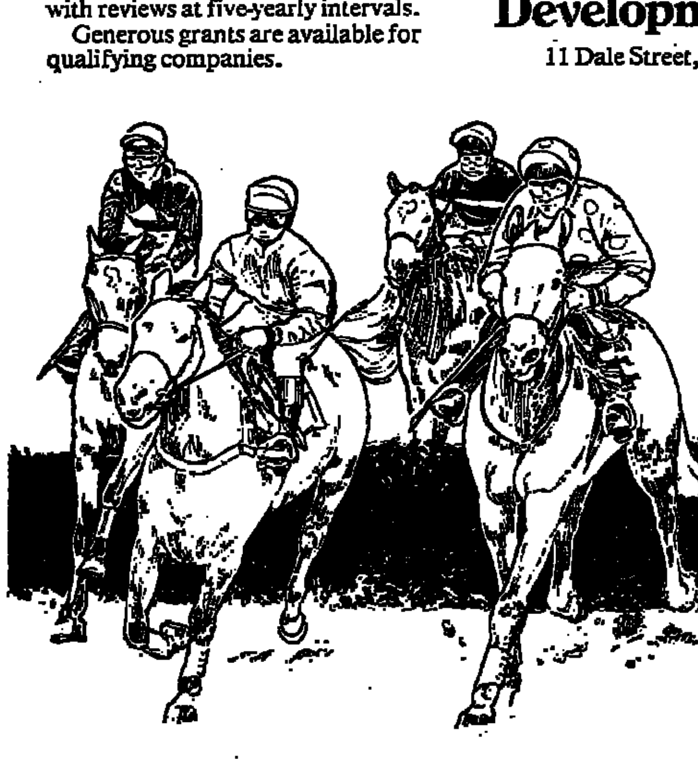
Under the agreement, the two new partners will be almost equally responsible for meeting the purchase cost—a little over £4¾m—of the 17-acre GKN-Rockwell site at Frimley. But while Property and Reversionary will be digging into its own pocket to find £2.5m towards the acquisition, Marlborough is to use part of a loan facilitly of up to £4m which is being made available to help finance the development by the two companies' merchant banks —Samuel Montagu and N. M. Rothschild.

The scheme will provide over 200,000 sq ft of new industrial-warehousing space and an existing 74,000 sq ft factory is to be modernised. GKN Lincoln will remain in a further existing 44,000 sq ft unit on a lease-back deal worth £100,000 a year.

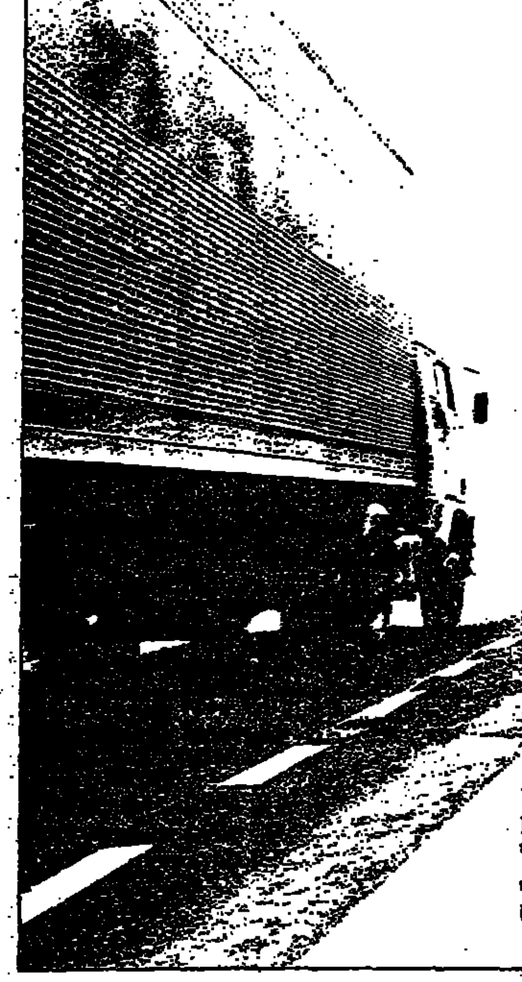
In what Mr. Kenneth Rubens, managing director of Property and Reversionary, described as "a very flexible arrangement," the development is principally designed as a dealing operation, although P and R may retain some properties. The scheme is timed to take about two years to complete and a sales programme will generate the finance required to complete the phased development.

Mr. Rubens added: "The development represents the type of work in which Marlborough is extremely experienced and as old friends we were happy to join them when they approached us."

Mr. Anthony Jolliffe, finance director of Marlborough, said it would not have been difficult to secure institutional finance to cover the project "but if you try and fund before pre-letting you lose the yield."



Factories and warehouses alongside the A1



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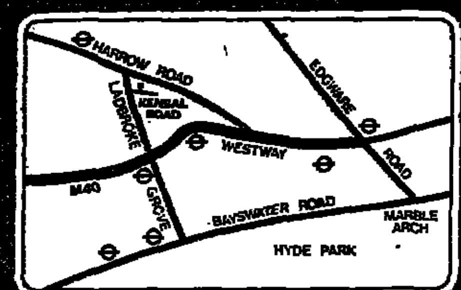

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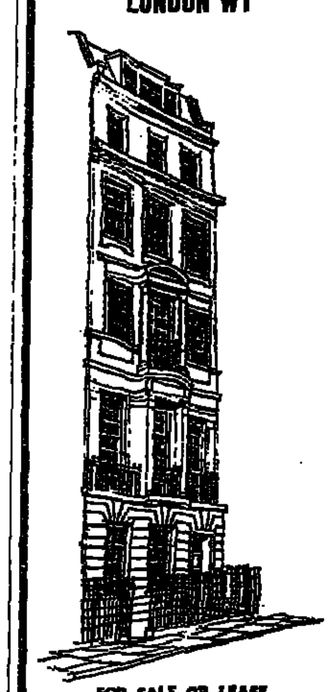

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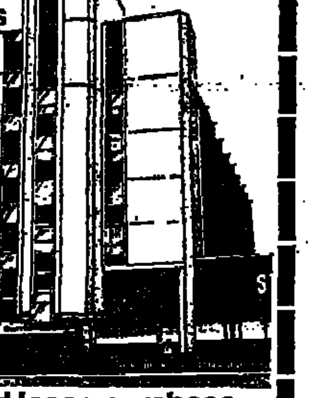
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82,000 sq. ft.
situated on a level 14.4 acre site at
LITTLE HOUGHTON
NORTHAMPTON
For further details: Connells Commercial, 687 Silbury Blvd., Central Milton Keynes. Tel: (0908) 606691, or 6 Wood Hill, Northampton. Tel: (0604) 38281.

SHORT-TERM OFFICES
IN LONDON
Leonard House, EC2
Why be tied to a long lease when you can rent a fully-serviced office or suite in the City just by Companies House on a short-term renewable basis?
These modernised centrally-heated offices are ideal for companies looking for temporary prestige offices in London. *Facilities available include conference* room, multi-lingual secretarial, Telex, messenger, photo-copying and 24-hour answering service.
For further details telephone 01-251 9201

GODALMING
MARKET GARDEN
Lower Greensand Soil
38 acres fully irrigated; ½ acre Glasshouses
MODERN ENCLOSED FARM BUILDINGS
DETACHED 5 BEDROOMED HOUSE
Illustrated Particulars:
HENRY SMITH & SON,
50 Carfax, Horsham (0403 3271), Sussex.

SHOPS AND OFFICES

ROYSTON, HERTS
TO LET
LAST REMAINING SHOP IN NEW DEVELOPMENT
Corner Unit with excellent display.
19 ft 6 in x 40 ft. New 25-year F.R.I. Lease
Immediate Possession.
KEYDON ESTATES
104 Park Street, London, W1.
Tel: 01-493 6441.

DOUGLAS - ISLE OF MAN
OFFICE BUILDING
Approx. 1,700 sq ft - Four Floors
ATHOL STREET
(principal professional Street *on the Island*)
Possible permission for private Penthouse, Parking, Long Lease available
WESTSIDE LTD.
Victory House, Douglas, I.o.M.
Phone 0624 25272

MAYFAIR, opposite Green Park. Prestige Suite. Telex. Commissionaires. 24 hours. Alan Burton, 235 0288.

ESTATE AGENTS DIRECTORY
The Estate Agents Directory appears on the middle Friday of each month and enables Estate Agents, irrespective of size or location, to be known nationally and, indeed, internationally. The cost of promoting your company is:
£60 for twelve insertions of two lines
(i.e. £5 per insertion)
ALSO
A limited number of 2-centimetre boxes are available at £276 per annum (only £23 per insertion)
The next Directory appears on Friday, April 18th
For further details please contact:
Cliff Caunter
Property Advertising Manager
Financial Times, Bracken House
10 Cannon Street, London EC4P 4BY
Tel: 01-248 5205 or Telex: 885033

PALL MALL
LONDON, SW1 -
2 PRESTIGE OFFICES
Adjacent R.A.C. Club
TO LET
Separated by Toilets and Kitchen. Excellent condition. Lease/Licence to July 1981.
Rent £4,350 p.a.x. (o.n.o.)
Includes landlord's services, heating and lighting, carpets, lights, etc.
STUART EDWARDS & PARTNERS - 01-686 4771

WANTED

STORAGE/SHOWROOM SPACE required. Min. 2,000 sq. ft.—southern/eastern England, to purchase or lease. Reply to retained agents: Bradleys, 27 James Street, London W1. Tel: 01-486 1192.

INVESTMENTS FOR SALE

BOURNEMOUTH
Convenient Main Road Position
TALBOT COURT
Wimborne Road, Winton
PURPOSE-BUILT BLOCK OF 24 FLATS & 14 GARAGES
currently let and producing £11,442 PER ANNUM
THREE VACANT FLATS
Auction — 17th April 1980
FOX & SONS
44-52 Old Christchurch Road
Bournemouth - 0202 24242

LEAMINGTON SPA. Modern supermarket plus 3 s/c flats let to Belam Ltd. producing £14,500 p.a. Freehold for sale with 39 other investments by auction 1st May 1980. Harman Healy and Co., 14 Roger St., London WC1N 2LN. 01-405 3581.

FACTORIES AND WAREHOUSES

ENFIELD—New Ind. Unit 14,000 sq. ft. To Let. Available now. Jones Lang Wootton. 01-606 4060.
PREDESIGNED Industrial Developments. Farnborough. Tel: (0252) 513751.
CITY FRINGES. SE1. 9,900 sq. ft. industrial unit to let. Vacant possession. Jones, Lang, Wootton, 01-606 4060. Ref. 1/GRS.

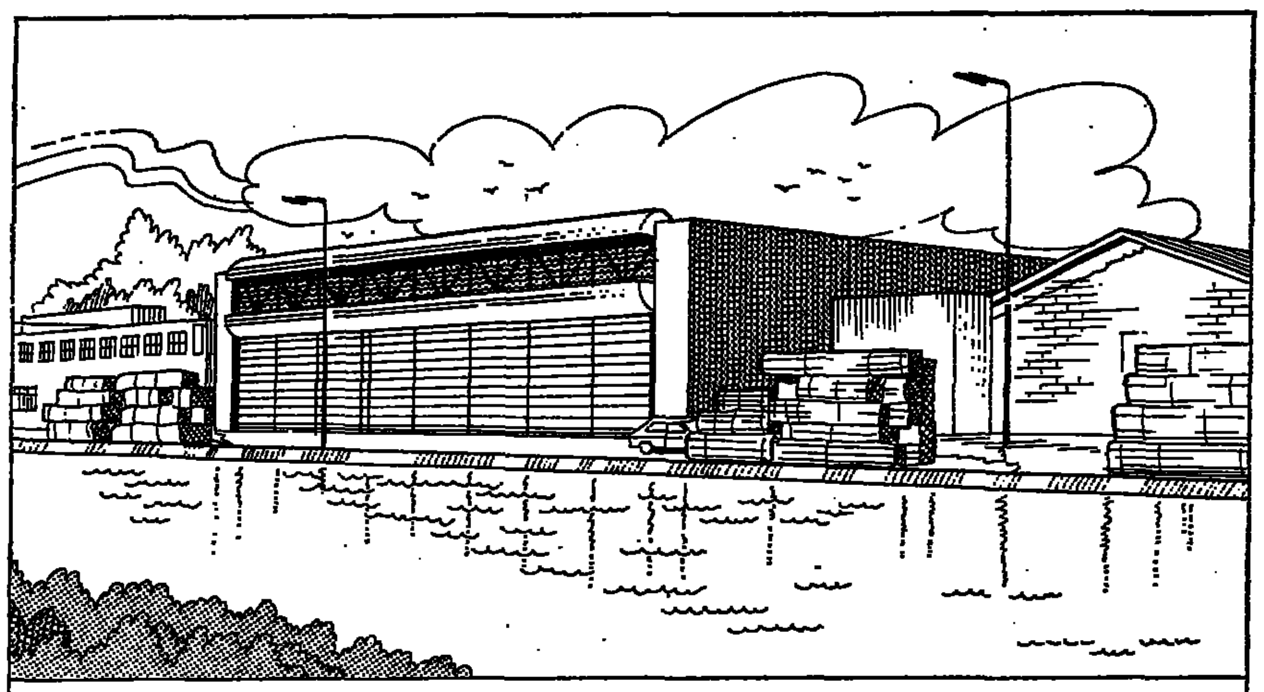
FOR INVESTMENT

REVERSIONARY Shop Investment. Kent market town, multiple tenant. £34,500 freehold, subject to contract. 01-724 2317.

FOR SALE

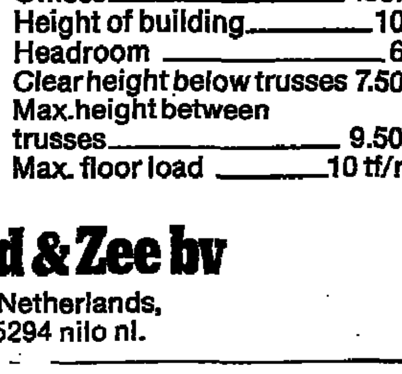
WEST MIDLANDS, BROWNHILLS. 2-6 acres open storage land, with 33,000 sq. ft. existing buildings, adjoining A5 close to M6 motorway. Elliott Son and Boyton, Christchurch House, 30, Waterloo Street, Birmingham B2 5TJ. Tel: 021-236 8811.

INTERNATIONAL PROPERTY



TO LET
ideal warehouse- and transhipment accommodation
1½ miles from the IJmuiden locks.

Superbly situated warehouse- and transhipment accommodation for bulk goods, very suitable for national and international transport, customs formalities and shipping. The total available accommodation is 4500m², but can also be rented in lots.
Excellent road connections.
The premises are situated on the Pijpkade, near the motorways to Amsterdam, Alkmaar and Haarlem, and are, moreover, only 1½ miles from the locks at IJmuiden.



Specification:

Site	7.000m²
Built-up area	4.500m²
Offices	450m²
Height of building	10m
Headroom	6m
Clear height below trusses	7.50m
Max. height between trusses	9.50m
Max. floor load	10 tf/m²

Cargadoorsbedrijf Land & Zee bv
c/o Zuiderkade 3, Beverwijk - The Netherlands,
Telephone 02510-29049. Telex 35294 nilo nl.

INDUSTRIAL BUILDING IN BURGOS - SPAIN
10,000 sq. mtrs.
plus 1,000 sq. mtrs.
OFFICE
quality building of modern construction. Located in official development area with excellent fiscal rebates. All facilities (electricity, water, gas, etc.) available. Adequate for all type of industries.
Please contact owner in Barcelona
Phone: (93) 330.65.11
(Miss G. Sagasti)

ALGARVE, PORTUGAL
Superb luxury villa situated in hills north of Faro. Magnificent views to sea. 5,000 sq m. (1¼ acres). Unusual kidney-shaped swimming pool. Four beds., 2 recep., 2 bath. Maid's toilet. Fitted kitchen, utility room. Garage. Workshop. Central heating, mains electricity, piped water. Beautiful fitted cupboards throughout. Built 1974. Maximum use made of local wood, marble and tiling to give traditional setting to contemporary fittings.
£57,500
Enquiries to Abbott, 33, Woodcote Ave., Bramhall, Cheshire SK7 3ND.

AVENUE HOCHE
(PARIS PRES DE L'ETOILE)
A VENDRE LOCAL 220 m²
avec vitrines
TEL. (96) 33.59.25 entre 9 h et 12 h
pour renseignements.
SANIGROS : 34 bis, rue de Chateaubriand
22000 ST-BRIEUC - FRANCE

LEGAL NOTICE

NOTICE OF MEETING OF CREDITORS
Pursuant to Section 293
Companies Act, 1948

SOCOLD (HOLDINGS) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a meeting of the Creditors of the above-named Company *will be* held at Phoenix House, 11, Wellesley Road, Croydon CR9 2BG, on Thursday, the Third day of April, 1980, at 12 o'clock noon, for the purpose of having a full statement of the position of the Company's affairs, together with a List of the Creditors of the Company and the estimated amount of their claims, laid before them, and for the purpose, if thought fit, of nominating a Liquidator and of appointing a Committee of Inspection.
Notice is also given that, for the purpose of voting, Secured Creditors must (unless they surrender their security), lodge at the Registered Office of the Company at Socold House, Riverway, Harlow, Essex, before the Meeting a Statement giving particulars of their security, the date when it was given, and the value at which it is assessed.
Dated this 19th day of March, 1980
By Order of the Board of Directors.
[illegible]

COMPANY NOTICES

TRANSVAAL GOLD MINING COMPANIES ADMINISTERED BY ANGLO AMERICAN CORPORATION
CLOSING OF REGISTERS
For the purpose of the annual general meetings and general meeting of the undermentioned companies to be held at 44 Main Street, Johannesburg, on Thursday, April 24th 1980, at the times stated below, the transfer registers and registers of members of these companies will be closed from April 18th to 24th 1980, both days inclusive:

Name of Company (All of which are incorporated in the Republic of South Africa)	Time of Annual General Meeting	Time of General Meeting
The Afrikander Lease Limited	09h40	10h00*
Southvaal Holdings Limited	10h35	—
Vaal Reefs Exploration and Mining Company Limited	10h50	—
Western Deep Levels Limited	11h25	—
Elandsrand Gold Mining Company Limited	11h50	—
The South African Land and Exploration Company Limited	12h15	—
East Daggafontein Mines Limited	12h40	—

* Or immediately following the termination of the annual general meeting, whichever is the later.
By Order of the Boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: C.R. BULL
Divisional Secretary
Registered Office: 44 Main Street, Johannesburg 2001
Postal Address: P.O. Box 61587, Marshalltown 2107
London Office: 40 Holborn Viaduct, London EC1P 1AJ
March 28, 1980
AAC

ASHLAND OIL (G.B.) LTD.
7¾% 1977-1982 LOAN OF US$60,000,000
The redemption on 1st May, 1980, for which a sum of US$15,000,000 is planned, has been completely repurchased on the Stock Exchange.
Amount remaining in circulation after 1st May, 1980: US$30,000,000
Paying Agent
BANQUE DE PARIS ET DES PAYS-BAS
POUR LE GRAND-DUCHE DE LUXEMBOURG

TDK ELECTRONICS CO., LTD.
(CDRs)
The undersigned announces that as from 14th April 1980 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div. cp. no. 10 (accompanied by an "Affidavit") of the CDRs TDK ELECTRONICS CO., LTD. each repr. 100 and 1,000 shs. will be payable with Dfls. 6.97 net per CDR, repr. 100 shs. and with Dfls. 69.70 net per CDR, repr. 1,000 shs. (div. per record-date 30.11.1979: gross Yen 10.- p. sh.) after deduction of 15% Japanese tax = Yen 150.- = Dfls. 1.23 per CDR, repr. 100 shs. and Yen 1,500.- = Dfls. 12.30 per CDR repr. 1,000 shs.
Without an Affidavit 20% Jap. tax (= Yen 200.- = Dfls. 1.65 per CDR repr. 100 shs. and Yen 2,000.- = Dfls. 16.50 per CDR repr. 1,000 shs.) will be deducted.
After 30.6.1980 the div. will only be paid under deduction of 20% Japanese tax with Dfls. 6.55 net per CDR repr. 100 shs. and with Dfls. 65.50 net per CDR repr. 1,000 shs., in accordance with the Japanese tax regulations.
AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam, 21st March, 1980.

GOLD FIELDS GROUP
VOGELSTRUISBULT METAL HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
NOTICE IS HEREBY GIVEN that the Register of Members will be closed from 11 April to 17 April 1980, both days inclusive, for the purpose of the Annual General Meeting.
By Order of the Board
E. WENNER
London Secretary.
London Office: 49 Moorgate, London EC2R 6BQ.
27 March 1980.

PERUVIAN NATIONAL LOAN
6% External Sinking Fund Bonds 1928 (Second Series)
S. G. WARBURG & CO. LTD. (incorporating Seligman Brothers) announce that Coupon No. 103 due 1st April, 1980, from bonds of the above-named Loan, which have been overprinted to indicate acceptance of the offer made on behalf of the Republic of Peru, as published in "The Times" and the "Financial Times" on 1st October, 1954, may now be lodged for payment.
30 Gresham Street, London, EC2P 2EB.
28th March, 1980

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED
3½% Debenture Stock, 1963-93
13% Debenture Stock, 1997-99
Notice is hereby given that the Registers of the Corporation's above mentioned Debenture Stocks will be closed for Transfer and Registration from 17th to 30th April, 1980, both days inclusive.
By Order of the Board,
H. J. McTurk, Secretary.
48 Palmerston Place, Edinburgh EH12 5BR.
28th March, 1980.

URQUIJO INTERNATIONAL N.V.
SU.S. 30,000,000 Floating Rate Notes due 1986
For the six months, March 21, 1980 to September 21, 1980, the notes will carry an interest rate of 15⅞% per annum.
The interest due September 22, 1980, against coupon no. 3 will be $U.S. 99.24 and has been computed on the actual number of days elapsed (185) divided by 360.
The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter, Luxembourg.

EUROFIMA
US$ 40,000,000
Floating Rate Notes 1979/89
The rate of interest applicable for the six months period beginning on March 27th, 1980, and set by the reference agent is 19¾% annually, i.e. US$500.52 per bond of US$5,000.

SOCIETE NATIONALE INDUSTRIELLE AEROSPATIALE
10¼% 1975/1985
FF 100,000,000 LOAN
NOTICE IS HEREBY GIVEN to the Bondholders that the redemption of FF 14,000,000 due on May 5, 1980 has been effected by purchase on the market.
Amount outstanding: FF 71,000,000.
The Paying Agent
KREDIETBANK S.A. Luxembourgeoise.
Luxembourg, March 28, 1980.

PUBLIC NOTICES

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
CANADA-UNITED KINGDOM FREIGHT CONFERENCE
NOTICE TO SHIPPERS AND IMPORTERS
FUEL COSTS
The member lines of the above Conferences operating services between the United Kingdom, Northern Ireland and the Republic of Ireland and Canadian Maritime, St. Lawrence River and Great Lakes ports have continued to monitor bunker costs on a monthly basis and the results of this monitoring shows that the position as at 15th March justifies a reduction in the present level of bunker surcharge.
Accordingly with effect from 15th April 1980 the bunker surcharge applicable will be reduced to the following figures:
Dirs. 5.85 per ton weight (1,000 kilos) } freighted
Dirs. 4.20 per tone measure- } as
ment (cubic metre)
The minimum bunker surcharge to apply to full container loads moving under services 1 and 2 will be reduced to:-
20ft. containers—Dirs. 68.60
40ft. containers—Dirs. 102.00
The bunker surcharge will continue to be exempt from the Conference currency adjustment factor and will not apply to Toronto/Hamilton additionals.
Any future changes to the bunker surcharge resulting from the monthly monitoring will be announced as and when warranted.
Atlantic Container Line G.I.E.
Canadian Pacific Steamships Ltd.
Dart Containerline Co. Ltd.
Hapag-Lloyd, A.G.
Manchester Liners Ltd. } Joint
Golden Cross Line Ltd. } Membership
CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Secretaries.
Cunard Building, Liverpool L3 1DS.
March 1980.

OFFICIAL NOTICES

OFFICIAL NOTICE
The loss has been reported to us of the following London Metal Exchange Warrant, and we have been asked to issue a duplicate Warrant:
Warrant No: 243992—24 Drums Nickel Briquettes.
Producer: Selcast Exploration Ltd. Weight: 6180 Kilos Gross.
Anyone claiming to be entitled to these goods is invited to enter protest by means of Summons against the delivery of the goods or the issue of a duplicate Warrant.
C. Steinweg, N.V., P.O. Box 1068, Withemskade 20, Rotterdam 2, Netherlands.

GLOUCESTERSHIRE COUNTY COUNCIL
£8m Bills issued 26th March 1980 at 16⅟₁₆%. Total application £40m. Bills outstanding £14.5m.

COUNTY OF AVON
£3m Bills issued 26th March 1980 at 16⁵⁄₁₆%. Total applications £27m. Bills outstanding £3m

LOCAL AUTHORITY BILLS
£1,100,000 Portsmouth City Council Bills issue date 28/3/80, maturing 30/6/80 at 16¼%. Applications totalled £5,500,000 and there are £1,100,000 bills outstanding.

NEW KLEINFONTEIN PROPERTIES LIMITED
(Incorporated with limited liability in the Republic of South Africa)
NOTICE TO MEMBERS
NOTICE IS HEREBY GIVEN that the eighty-fourth annual general meeting of members will be held in the boardroom, 24th floor, 45 Commissioner Street, Johannesburg, on Wednesday, 23 April, 1980, at 10 a.m. for the following purposes:
1. To receive and consider the annual financial statements for the year ended 31 December, 1979.
2. To elect directors.
3. To fix the remuneration of the auditors for the past audit.
4. To renew, in accordance with Section 221 of the Companies Act, 1973, the authority granted to the directors to allot and issue 990 000 three hundred and ninety thousand (390 000) shares in the capital of the company, at present held in reserve.
5. To transact such other business as may be transacted at an annual general meeting.
For the purpose of determining those members entitled to attend and vote at the aforementioned meeting, the transfer books and register of members will be closed from 17 to 23 April, 1980, both days inclusive.
Members unable to be present at the meeting are requested to complete a form of proxy which may be obtained from the offices of the company or the Johannesburg or London offices of the company at the addresses given below together with any power of attorney or other authority under which it is signed, not less than forty-eight hours before the time fixed for the meeting.
Any member of the company is entitled to appoint a proxy or proxies to attend, speak and, on a poll, to vote in his stead. A proxy need not be a member of the company.
Holders of share warrants to bearer desiring to be present or represented at the meeting must produce their share warrants at the places and within the times mentioned below:-
(a) At the registered office of the company, 45 Commissioner Street, Johannesburg, at least forty-eight hours before the time fixed for the meeting.
(b) At the company's London office, 3rd Floor, 29/30, Ely Place, Street, London, SW1A 1HB, at least fifteen days before the date fixed for the meeting.
(c) At the office of the Paris agents of the company, Credit du Nord at Union Parisienne Union Bancaire, 6-8, Boulevard Haussmann, Paris 75-9, at least fifteen days before the date fixed for the meeting.
By Order of the Board,
AFRICAN FINANCE CORPORATION LIMITED
Secretaries
per: J. A. F. WHITE
28 March, 1980

TRAVEL

GENEVA, Basle, Zurich and Berne, widest choice of cheap flights from 4 UK airports. Brochure FALCON 01-351 2191.

PERSONAL

MARK. Have booked our summer holiday at the New Normandie International Hotel, Manor Road, Bournemouth. Tel. 0202-22246. They have five-star service and quality and a Hydro, Beauty Salon, Hairdressing Salon, Heated Swimming Pool, Gift Shop, Games Room, Dancing. Superb Dining (including vegetarian menu), Sun Trape Lounges. Chris.

LEGAL NOTICES

RAMINAX CLOTHIERS LIMITED
NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above named Company will be held at the offices of
LEONARD CURTIS & CO.,
situated at 3/4 Bentinck Street,
London W1A 3BA
on Thursday the 3rd day of April, 1980, at 12 o'clock midday, for the purposes provided for in Sections 294 and 295.
Dated the 20th day of March, 1980.
MARTIN M. GREENFIELD, Director

BASIC REPRO LIMITED
NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of the above named Company will be held at the offices of
LEONARD CURTIS & CO.,
situated at 3/4 Bentinck Street,
London W1A 3BA
on Friday, the 11th day of April, 1980 at 12 o'clock midday, for the purposes provided for in Sections 294 and 295.
Dated the 20th day of March 1980.
C. J. ANSELL, Director

APPOINTMENTS

Group Solicitor

This appointment is at the headquarters of a front rank British group engaged in a process industry.

- THE REQUIREMENT is for a solicitor – preferably a graduate – with post qualification experience acquired at corporate level in a public company with overseas interests, or with commercial experience in the profession.

- TERMS are for discussion with around £15,000 as a salary indicator. Ancillary benefits will include a profit sharing scheme, a car and a non-contributory pension. Location – a pleasant area in the Midlands. Age – not over 45.

Write in complete confidence
to Sir Peter Youens as adviser to the group.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
21 AINSLIE PLACE EDINBURGH EH3 6AJ

AGRICULTURAL MANAGER (Wales)

Barclays Bank wishes to appoint an Agricultural Manager in Wales to its Agricultural Department. Duties will include:

* Advising the Bank on specific Agricultural lending propositions.
* Promoting the image of the Bank in the Agricultural and Horticultural Industry.
* Instructing Branch Managers in Agricultural Finance.

Applicants must have an appropriate qualification in Agriculture, and good practical knowledge. Experience in Farm Business Advisory work and Agricultural Finance would be a distinct advantage. Ability to communicate with confidence and tact is essential.

The successful candidate will be over thirty years of age and will be required to live in Aberystwyth. Ability to speak fluent Welsh will be essential.

An attractive financial package is offered, including profit sharing and provision of a car.

Applications, which will be treated in strict confidence, should be made in the first instance to:

Mr. P. Bolam,
Agricultural Representative,
Barclays Bank Ltd.,
Agricultural Dept., Juxon House,
94, St. Paul's Churchyard, London EC4.

BARCLAYS

IN THE MATTER OF
AD HOC PUBLICITY LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 19th day of May, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PATRICK GRANVILLE WHITE, of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 21st day of March 1980.
P. G. WHITE, Liquidator.

IN THE MATTER OF
JOHN CITIZEN FURNITURE LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 1st day of May, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned GEORGE ALBERT AUGER, of STOY HAYWARD & PARTNERS, of 44 Baker Street, London, W1, a Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 20th day of March 1980.
G. A. AUGER,
K. D. GOODMAN,
Liquidators.

APPOINTMENTS

BOC International non-executive post

Mr. Crocker Nevin has been appointed a non-executive director of BOC INTERNATIONAL. An executive director of Drexel Burnham Lambert and Co. Inc., a U.S. investment banking firm, Mr. Nevin has been a director of BOCI's wholly owned American subsidiary, Airco, Inc. since 1967.

★

Mr. Geoffrey Dodsworth is resigning as chief executive of GRINDLAY BRANDTS, the merchant bank, to join OCEANIC FINANCE, a financial service company specialising in shipping. At Oceanic he will join Mr. Paul Slater another ex-Grindlay Brandts man and together they will hold the position of joint chief executive.

★

Mr. Derek H. Simmonds has been appointed managing director of FOUR SEASONS PRODUCTION CO., a member of the AYGEE GROUP OF COMPANIES. He was formerly a member of the Board of Grundy Arnatt.

★

Mr. Vernon Atkins is to become sales director of HAZELL WATSON AND VINEY, the book production subsidiary of BPC, from May 12.

★

Mr. Joseph S. Irwin Jr. has been appointed executive vice president and chief operating officer of SCEPTRE RESOURCES. Mr. Irwin has held various management positions with Ashland Oil Canada and most recently was executive vice president of Kaiser Oils. In his new position Mr. Irwin will be responsible for the direction of Sceptre's exploration and production activities.

★

Mr. Guy Kingsbury has been appointed director, management systems and services, at HERTZ EUROPE. Mr. Kingsbury is a former chairman of the Stock Exchange Computer Managers Association in London (1971-1975).

★

The Earl of Euston has been appointed a director of SMITH ST. AUBYN AND COMPANY (HOLDINGS).

★

Captain K. A. W. Pilgrim has been appointed executive director, sales for the Hatfield division of BRITISH AEROSPACE DYNAMICS GROUP.

★

Mr. R. L. M. Arnold is to join the board of CALLUND AND CO. from April 1.

★

Eagle Star Holdings is changing the name of its subsidiary Bernard Sunley Investment Trust to EAGLE STAR PROPERTIES and that company will also incorporate the property division of Eagle Star Insurance Company. The board will be constituted as follows: Sir Denis Mountain, chairman; Mr. David C. G. Jessel, deputy chairman and managing director; Mr. R. E. Brimblecombe, Mr. F. A. Davies, Mr. C. N. Jones, Mr. J. F. C. Mills, Mr. A. R. N. Ratcliff and Mr. B. Williams.

★

EXCESS INSURANCE GROUP has made the following appointments from March 31: Mr. I. H. Dean, deputy chairman and director, re-insurance operations; Mr. P. N. O. Robinson, director, international operations; Mr. D. W. White, director, UK operations; Mr. E. A. Bamford, director, group marketing and corporate relations; Mr. E. J. White, UK agency manager.

★

Mr. Brian Quinn is to become managing director of VISNEWS in May. He succeeds Sir Charles Curran, who died on January 9.

Mr. Quinn is at present a consultant to Midland Bank International.

★

Mr. J. M. Sim has ceased to be an executive director of INCHCAPE AND CO., but remains on the Board as a non-executive deputy chairman.

★

The DUDLEY IRON AND STEEL COMPANY (1950) have appointed Mr. D. T. Willetts and Mr. M. C. Gopsill as director and company secretary.

★

Mr. D. S. Paravicini has been appointed secretary of the DE LA RUE COMPANY from April 1 in succession to Mr. F. H. Balmer,

Mr. D. S. Paravicini

who rejoins Thomas De La Rue and Co. as a divisional director. Mr. Paravicini was previously in charge of the minting division of Thomas De La Rue.

★

Mr. P. N. Randell has been appointed a full-time member of the Board of the NATIONAL RESEARCH DEVELOPMENT CORPORATION from April 1. He has been the Corporation's secretary since October 1, 1973 and wil continue in this post.

★

The company's headquarters will be at 132a High Street, Beckenham, Kent. Mr. Curtis retires from the Board of the MOBIL OIL COMPANY next month.

★

Mr. Gerald Margolis, company secretary and director of finance, and **Mr. Ron Onions**, editorial director, have been appointed to the Board of LONDON BROADCASTING COMPANY.

★

Mr. M. R. Bates has been appointed to the Board of GENERAL ELECTRIC COMPANY. He joined GEC in 1976 as a senior commercial director. He had previously been an executive with the Industrial Reorganisation Corporation and joint managing director of Brandts, merchant bankers.

★

Mr. J. A. Kirkwood, chief representative in Europe of the RESERVE BANK OF AUSTRALIA, is returning to Australia and will be succeeded by **Mr. R. J. Dowey**, formerly secretary of the Bank in Sydney.

★

Mr. D. A. Brayshaw has been appointed a director of the GERRARD AND NATIONAL DISCOUNT COMPANY from April 1. At the same time **Mr. G. J. Rushbrook** will become general manager and **Mr. G. Jones** will be an assistant to the directors.

BUSINESSES FOR SALE

FOR DISPOSAL

ASSETS and BUSINESS as a GOING CONCERN of an ELECTRONICS ENGINEERING CONTRACTOR
based in the North-East Midlands area
Turnover approximately £1.4 million per annum
Experienced management and skilled labour force available, together with order book

Write Box 22413
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PRELIMINARY PROFIT STATEMENT

The Directors announce the audited financial results for the year ended 31st December, 1979:

	1979 R000's	1978 R000's
TURNOVER	1,618	1,117
NET INCOME before taxation	421	155
TAXATION AND STATE'S SHARE OF PROFITS	76	61
RETAINED INCOME FOR THE YEAR	345	94
EARNINGS PER SHARE — Cents	5.11	1.40
GOLD PRODUCTION — Kgs	109.06	101.81
CAPITAL COMMITMENTS Approved by the Board of Directors but not yet contracted for	R15,475	—

DIVIDEND
The Directors do not recommend the payment of a dividend in respect of the year.

ACTIVITIES OF THE GROUP

MINING — Since August 1979, priority has been given to the treatement of surface dump material. Certain adaptations were made to the plant and the extraction of gold from surface material is proceeding satisfactorily. The monthly tonnage milled has increased steadily since September 1979 and has since the year end reached the target figure of 18 000 tons per month. Gold production for the year was 109 kgs (1978: 101.8 kgs) and the average price *received during the year was R9 324.04 per kg equivalent to* approximately U.S.$341.34 per ounce (1978: R6 238.65 kg approximately U.S.$222.59 per ounce).

Tests are being carried out with a trial Carbon in Pulp extraction plant which will indicate whether or not this process may suitably be applied to the surface material in the area. If these tests are successful, priority will be given to increasing the capacity of the plant substantially.

Discussions are continuing with certain interested parties for the exploration and possible exploitation of the reefs underlying the mining lease claims of the group. It is too soon to make an announcement in this regard but shareholders will be advised of any significant developments.

PROPERTY — During the year under review, progress was made in evaluating the development potential of the group's land holdings, which include prime areas of industrial and commercial land. Claims in respect of land expropriated by the Transvaal Roads Department, the South African Railways and Harbours and Escom *totalling approximately R2 million have been lodged with the* relevant uthorities.

TOURISM — There has been a concerted effort to promote the tourist activities during the year and turnover from tourism increased by 65% during the year to R353 136 (1978: R214 631).

For and on behalf of the Board
P. B. Gain — Chairman
H. A. McNeil — Director

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WORLD STOCK MARKETS

Wall St. 7.3 weaker at noon

THE FRESH late retreat which Wall Street on Wednesday, gathered pace yesterday morning *across a wide front in busy* trading.

The Dow Jones Industrial *Average receded 7.34 more to* 754.78 at noon, while the NYSE All Common Index weakened 81 *cents to $55.17 and falls led gains* by a seven-to-one majority. Trading volume increased to *26.53m shares from Wednesday's* mid-day total of 19.96m.

Analysts said investors con*tinued to worry about inflation* and high interest rates, while Iran's $2 perf barrel oil price *rise contributed to the market's* weakness.

One analyst said part of the *selling near the opening was the* result of further margin calls, brought on by the market's fall the previous day.

Mining stocks were among the hardest hit as prices for silver, gold and copper fell. Callahan Mining lost 3¾ to $29¼, Gulf Resources 4¼ to $19½, Hecla Mining 3⅜ to $22⅜, Louisiana Land 4⅛ to $32, Texasgulf 2¾ to $31⅜. Asarco $2 to $28½ and Sunshine Mining 1⅝ to $10.

Oils also declined sharply. Mesa Oil gave up 1½ to $46⅞, Mesa Royalty Trust 1⅝ to $30⅛, Pennzoil 2½ to $34, Schlumberger 1¼ to $98¾, British Petroleum 1⅛ to $30⅝, Halliburton 2½ to $87⅞, Superior Oil 3½ to $128, Murphy Oil $3 to $77¼, Union Oil 1¼ to $46⅞, Standard Indiana 2¾ to *$93¼ and Standard California 2¼* to $64⅜.

United Guaranty were off 1½ *at $17¾ and American Inter*national ½ down at $49¾ bid in over - the - counter trading. American International has bought about 10 per cent of United Guaranty.

THE AMERICAN SE Market Value Index fell 9.09 to 222.83 at mid-day, with declines on the Exchange exceeding rises by 559 to 46 after heavy volume of 4.63m shares (2.02m).

Gulf Oil Canada retreated 5¾ to $104¼, Williamhouse-Regency 1½ to $14, Houston Oil and Min*erals 1¼ to $19¾, Sundance Oil* 4⅞ to $57½, Mitchell Energy 1½ to $37¾ and Day Mines 3½ to *$19⅜*.

Canada

Oil shares led Canadian markets sharply and broadly lower in active early dealings. The Toronto Composite Index dropped 49.7 to 1,748.5 at noon, while the Oil and Gas index fell 184.5 to 3,667.1, Golds 106.4 to 2,749.8 and Metals and Minerals 70.2 to 1,767.5. In Montreal, Banks retreated 5.44 to 290.02 and Utilities 2.67 to 225.46.

Tokyo

Following a firmer start, the market turned *sharply lower* in the afternoon session as selling gathered apace. The weak close was accentuated by many shares being quoted ex-dividend or ex-rights.

The Nikkei-Dow Jones Average receded 54.86 to 6,481.02 and the Tokyo SE index lost 3.96 at 450.21. There was again a fair turnover, amounting to 390m shares (370m).

Tokio Marine Insurance declined Y19 to Y551, Toyota Motor Y8 to Y790, Showa Oil Y28 to Y350, Heiwa Real Estate Y16 to Y560, Toa Nenryo Y26 to Y780, Sony Y50 to Y1,660, Pioneer Electronic Y80 to Y1,710, Hitachi Y5 to Y238 and Kawasaki Heavy Industries Y10 to Y185.

However, some Chemicals, *Coals and Defence-related stocks* were relatively firm on speculative buying. In the Coals sector, *Matsushita Kosan advanced* Y30 to Y700.

Germany

yesterday after thin trading, with the Commerzbank index recording a loss of 4.1 at a new low for the year of 671.0.

The fresh overnight weakness on *Wall Street undermined* sentiment, while brokers said major banks sustained signifi*cant falls as rumours swept the* market that they had taken write-offs and losses on the Euromarket and on Bond investments.

Dresdner Bank receded DM 5.80, Deutsche Bank DM 3.20 and Commerzbank DM 4.30. Dresdner Bank, evidently hardest hit by the rumours, should be announcing its 1979 results soon, but Commerzbank, which recently *declared* an unchanged 1979 dividend on considerably lower earnings, predicted bank earnings on interest would rise in 1980.

Among Machine Makers, Babcock lost DM 3 and KHD DM 2. In Motors, Daimler, declined DM 1.50, but BMW *gained* DM 2.50. In Chemicals, BASF were only 40 pfennigs firmer despite a sharp increase in pre-tax earnings.

Domestic Bond markets were virtually lifeless according to brokers, with operators waiting to see whether the Bundesbank Central Bank Council would make any decisions at its regular meeting.

Johannesburg

The fresh fall in Bullion prices left Gold shares weaker, Vaal Reefs losing R1.75 to R58.25, Buffels R1.25 to R32.00 and East Drie R1.50 to R22.75.

Mining Financials were mainly easier, but there were a few firm exceptions on overseas interest. *Johnnies put on 50 cents to* R61.50. Platinums drifted lower in line with the free market commodity price.

Industrials, however, generally improved in the wake of the South African Budget, OK Bazaars rising 25 cents to R13.75 and Rennies 15 cents to R3.00.

Paris

Share prices weakened across the board in *active trading,* reflecting Wall Street's late fresh retreat overnight and Wednes*day's announcement* of a 1.1 per cent rise in February French retail prices. The CAC General index shed 1.4 to 102.5.

Oils led the decline, with Esso SAF and Petroles BP both temporarily suspended due to strong selling pressure. Esso SAF lost FFr 34.5 to FFr 285.5 and Petroles BP FFr 7 to FFr 97.5. Elf Aquitaine declined FFr 52 to FFr 1,223.

Switzerland

A widespread retreat occurred, with the upsurge of the dollar and rising Euro-Swiss franc rates depressing sentiment. Volume picked up considerably from the rather small levels prevailing earlier this week, and dealers said that the market was also affected by fears that New York would make a weak showing yesterday. The Swiss Bank Corporation Industrials index dipped 4.9 to a 1980 low of 276.5.

Hong Kong

Shares were narrowly mixed after light trading, with investors remaining on the sidelines in anticipation of further interest rate rises locally and in the U.S.

Dealers said there are expectations of a further U.S. Prime Rate rise before the weekend, which might prompt a further rise in best lending rate in Hong Kong ahead of the Easter holiday.

Australia

Markets remained easier-inclined on light turnover as London investors assessed the effects of the UK Budget, with weak *Gold and other* metal prices depressing Minings, and the lieklihood of further interest rate rises dampening activity in Industrials.

BHP, however, rose 30 cents *to A$11.80 despite* the announced plugging of its Vinck No. 1 oil well, and scattered gains elsewhere included Santos, up 20 cents at A$6.30, Pancontinental, 10 cents better at A$5.80, and CRA, 4 cents firmer at A$4.70.

Closing prices for North America were not available *for this edition.*

NEW YORK

Indices

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

ITALY

NORWAY

SWEDEN

SWITZERLAND

HONG KONG

SINGAPORE

SOUTH AFRICA

JAPAN

BRAZIL

NEW YORK ACTIVE STOCKS

هكذا من الأصل

COMMODITIES AND AGRICULTURE

Australian wool prices fall

WOOL prices fell again at the Australian auctions, inspite of some heavy support buying by the Australian Wool Corporation.

At the Adelaide auction, which had the biggest sale of 21,000 bales, the Corporation bought 30 per cent of the offerings. The Corporation also took 24.5 per cent of the offering at Brisbane, 34.5 per cent at Portland but only 5 per cent at the Albany sale.

Nevertheless values were some 2.5 per cent down on the lower levels recorded when the auctions re-opened on Tuesday after the three-month strike by storemen that prevented sales being held.

Prices were 2.5 to 5 per cent cheaper too at the South African wool auction at Port Elizabeth.

However New Zealand is expecting the value of its wool clip this season to reach a record $NZ 1,000m—$NZ250,000 more than last season, reports Dai Hayward in Wellington.

Wool prices are up 51 cents a kilo, averaging 270 cents a kilo. Other factors in the high wool returns are an increase of 3m in the New Zealand sheep flock; an expansion of trade by the Soviet Union and a heavier wool clip.

Mr. John Clarke chairman of the New Zealand Wool Board, said yesterday the board expected a clip of 343,000 tonnes. The previous best wool production was in 1971 when New Zealand produced 334,000 tonnes.

Economic block hits Assam tea gardens

ASSAM'S team gardens and tea manufacturing units have been hit hard by the "economic blockade" launched by the leaders of Mrs. Indira Gandhi's Congress Party from the northern part of Bengal in the last three days, by obstructing movement of supplies to Assam in trucks or trains.

On account of disruption if goods movement, the tea industry in the entire north-eastern India is in great difficulty. The tea gardens have run out of stocks of foodgrains. Under statutory obligations, the garden authorities have to supply food rations to plantation workers, but they have not been able to procure the food items from the Food Corporation of India locally.

Selling hits UK metal markets

BY JOHN EDWARDS, COMMODITIES EDITOR

A FRESH wave of selling hit the London metal markets yesterday following the continued decline in gold, and strong rumours of some companies facing heavy losses as silver and copper prices fell heavily again.

At one stage it was rumoured that the New York market (Comex) might not open because a leading trading house was unable to meet the margins due to the clearing house. Although Comex did, in fact, open, traders remained extremely nervous and the uncertainty triggered off further selling.

It was claimed that the collapse of the New York trading company, NRT Metals, had already been discounted in the market and the ring-dealing companies concerned would be able to cope with any losses incurred. But it is feared there could be further failures, as yet unknown, in view of the sharp fall in prices during the past few weeks.

On the London bullion market the spot quotation for silver was cut by 159.65p to 733.95p a troy ounce at the morning fixing. Prices fell further in the afternoon, with the cash quotation on the Metal Exchange closing at 615p an ounce, 195.5p down on the previous close.

Copper cash wirebars on the London Metal Exchange closed £45 down at £920 a tonne—a loss of £114 in the past three days. U.S. copper producers, Asarco, cut its domestic selling price by 7 cents to 93 cents a lb. Cash lead lost £12.5 to £456 a tonne. Workers at Britannia Metals Northfleet refineries voted to return to work and it is hoped that shipments can be resumed quickly helping to relieve the scarcity of supplies available to the market.

In the general sell-off cash zinc lost £20 to £301 a tonne, and cash tin £120 to £7,160 a tonne.

Pressure on N.Y. silver

BY DAVID LASCELLES IN NEW YORK

THE U.S. metals markets, particularly silver, were weak and nervous yesterday as traders tried to assess the implications of developments, including the announcement that Mr. Nelson Bunker Hunt is to issue silver-backed bonds.

There were also rumours that other large houses were in trouble because of the sharp drop in silver prices, besides the news about NRT Metals.

However, the market drew some consolation from the Comex decision to ease its rules for silver trading to breathe new life into the market.

After an emergency meeting on Wednesday night, the Board reduced margin requirements for speculative trading, and increased the number of new positions that traders can enter into.

The Bunker Hunt announcement came as a surprise. Mr. Hunt, a wealthy Texas oilman who was a big silver buyer in the past six months and was largely responsible for driving the market up to $50 an ounce, said he and a group of mainly Arab investors would issue bonds backed by some 200m ounces of silver that they had accumulated.

The bonds will be issued in various denominations through a Swiss bank. Although the terms of the bonds are not yet known, the feeling in New York is that the Hunt group may be using the issue as a way of bolstering the much diminished value of their silver holdings.

Given the speculative value of silver, the group will probably set yields on the bonds that are well below money market rates, thus effectively converting their silver into "cheap" money.

The feeling in the market is that Mr. Hunt bought silver at an average price in the $20s, and though he may have sold some at a high price, he must have been carrying a heavy paper loss at yesterday's level.

Plummeting silver prices have also bred speculation about the condition of commodity houses which deal heavily in the metal, among them Conti commodities, the subsidiary of Continental Grain which handles much of Mr. Hunt's business.

Responding to rumours, Mr. Neil Aslin, Conti's executive vice-president in Chicago, said: "There is nothing wrong with the condition of Conti. We are meeting all our financial obligations and will continue to do so."

State spending on fishing to rise

BY OUR COMMODITIES STAFF

INCREASED government spending on the UK fishing industry is indicated in the Public Expenditure White Paper published this week.

While total spending on agriculture is projected to fall from £944m in 1979/80 to £890m in 1983/4 fisheries expenditure is forecast to rise from £22m to £30m in 1980/81 and to remain at that level. In 1978/79 fisheries spending totalled £13m.

The Ministry of Agriculture said yesterday the extra money did not represent increased aid to fishermen but higher spending on building fisheries protection vessels and on research and development.

Nevertheless the fishing industry sees the planned rise as encouraging. "In stepping up spending on protection vessels the Government is, hopefully, indicating its commitment to getting a fair deal for British fishermen at negotiations in Brussels," a spokesman for the British Fishing Federation commented.

"Any increase in expenditure on fishing must be seen as a welcome expression of political will to see that the industry survives."

The Manx government is to seek an extension of its territorial waters from three to 12 miles. The aim is to make the Irish Sea area within the new limits an exclusive fishing zone.

The fishing industry is an important one for the Manx economy, as much of the landed catch is exported. The plan is to be put to the Home Office, the British Ministry responsible for Manx affairs internationally, and will, no doubt, be raised when the EEC discussed a common fisheries policy.

Cocoa pact future still uncertain

By Richard Mooney

THE FUTURE of the International Cocoa Agreement remained uncertain last night as producing members held private discussions on compromise economic proposals by consuming country delegates.

Before this week's meeting the consumers had been sticking to their proposal for a 100 cents a pound floor price under the agreement while producers continued to demand a 120 cents support price.

On Wednesday night, however, the consumers came up with a last ditch compromise plan to save the pact, which is due to expire next Monday. They suggested a price stabilisation scheme to start at anywhere from 110 to 120 cents a pound, subject to negotiation. But the producers immediate response was that this plan was "too vague."

The producers' failure to snap up the consumer offer, which appears to represent a significant concession from their previous position, has been seen by some consumers as confirmation that the producers are not really interested in a fully operative cocoa pact.

India's sugar output could reach 7m tonnes

NEW DELHI — India's sugar production in the 1980-81 season starting next October could rise to 7m tonnes if there is a good summer monsoon, Mr. D. Puri, president of the Indian Sugar Mills Association said.

Mr. Puri told reporters 1979-1980 output would be about 4m tonnes compared with 5.86m tonnes in 1978-79, but there was enough available at sugar factories to maintain domestic consumption at 400,000 tonnes a month.

Mr. Puri blamed the Government for the sharp fall in output, saying that when the industry produced a record 6.46m tonnes in 1977-78 and was plagued by surpluses, the Government failed to help the industry finance a buffer stock or hold its extra stocks.

In Washington, President Carter has approved an executive order to give 12 developing nations duty-free status on sugar shipped to the U.S., a State Department official said.

PIGS

Awaiting Dutch invasion

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IF THE worst fears of British pig farmers are realised, April Fools' Day will be marked by a wave of fresh pork invading these shores from Holland.

The Dutch, it is claimed, have 20,000 tonnes of pork ready for export to Britain and would be prepared to cut the price to get it sold. The reason for opening the flood gates is quite simply that the disease restrictions which have up to now kept Dutch pork out of the UK market have been lifted following Holland being declared free of swine fever. Only a renewed outbreak of this, or foot-and-mouth disease, could cause the reimposition of the ban.

Holland, of course, has been exporting bacon to Britain for some years on an increasing scale and now has roughly 10 per cent of the market as against over 40 per cent for both Britain and Denmark. There is also a very large export market in Europe and elsewhere for preserved pigmeats and fresh pork amounting to more than half total production.

There is no doubt of the attraction of the British market to Dutch exporters. Whereas Dutch pig numbers have risen by 41 per cent since 1974, those in Britain have actually fallen by 10 per cent and are still showing a tendency to decline.

UK consumption of pigmeat is among the lowest in the Community, and in the current recessionary period likely to be one of the few growth areas, along with poultry meat.

The bacon market does not seem to show much prospect for expansion although the steady fall in consumption of more than 20 per cent over the past 10 years appears to have gone very gradually into reverse following the closing of the Green Pound/sterling gap. It is probable that Danish and Dutch producers are feeling the effects of the removal of the monetary compensatory amount subsidies which as little as a year ago amounted to more than £200 a tonne on bacon sides. There is still a small Dutch MCA.

The removal of the MCAs has undoubtedly made things harder for the exporters. The price of Danish bacon in February 1980 was only £100 per tonne higher than that of a year ago and has fallen again recently. A Dutch exporter interviewed last year told me that any further fall in the MCAs would make things very difficult for him.

This is borne out by the prices being paid for pigs in both these countries which are slightly less than those being paid last year. Both in Denmark and Holland there has been an increase in sow numbers, and the position of many specialist pig farmers is becoming difficult, but not yet impossible.

In contrast to bacon the British fresh pork market is virtually 100 per cent self-sufficient. The only imported supplies come from Denmark, Finland and Ireland, but the last two seem to have dropped out recently, probably because of low UK prices. The Danes could undoubtedly have increased their pork supplies, but find it more advantageous to concentrate on bacon.

There is no doubt though that the highly efficient Danish marketing organisation through virtually one export channel could market pork in Britain just as well as it has done bacon for many years. That so far no moves have been taken in this direction is probably because of the added value component of bacon production.

But there are big differences in the pig industries of different countries. The average carcase weight of Danish and British pigs is about 65 kilos while that of Dutch and most other European pigs is between 80 and 90 kilos. Dutch bacon is not made in the whole side, as with the Wiltshire and Danish cure, but in pieces from what is called a cutting pig: that is some parts are used for bacon, some for hams, fresh meat and so on. There is some heavy pig production in the UK, but most of the pork comes from a smaller carcase altogether, weighing be-

So to make a serious impact on the traditional British pork market, the Dutch would have either to reduce their slaughter weights significantly, or educate the consumer into eating the products of the cutting pig.

There would undoubtedly be a demand from the manufacturing sector for Dutch cutting pigs, but it is difficult to see how the landed costs of Dutch pigmeat could be significantly below those ruling in Britain at present, except by means of subsidy.

Subsidy in this case is not quite perhaps the right word. Differential pricing would perhaps fit it better. In other words they would charge their different markets, including their own, what the traffic would bear and average out the result.

Although the Dutch are not yet organised into a single selling organisation as are the Danes, there is no doubt that their exporting is much more centralised than the fragmented British market. A concentrated selling campaign would cause UK farmers and processors serious problems. This could lead to an outcry for protection on the lines of that raised by French lamb producers. What would Mr. Walker do then?

Malaysian clearing house deal signed

AGREEMENT to establish a clearing house to service the proposed Kuala Lumpur Commodity Exchange was signed here yesterday between the International Commodity Clearing House and seven banks.

The ICCH will hold 30 per cent equity of the Kuala Lumpur Clearing House (KLCH), with Malaysian incorporated banks holding 52 per cent and foreign banks 18 per cent.

Bank Bumiputra and Malayan Banking will hold 20 per cent each, while United Malayan Banking, United Asian Bank, Hong Kong Shanghai Bank, Chartered Bank and Citibank will each hold 6 per cent.

The KLCH will have an authorised capital of 5m ringgit. Under the agreement, ICCH will provide the managing director for the KLCH for the first three years. It will also provide expertise and training in running the various aspects of the clearing house.

The Minister of Primary Industries said the commodity exchange would be set up in July or August. It would deal first in palm oil futures, but Malaysian authorities hope the exchange would develop into a large commodity trading centre for the Far East.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply lower on the London Metal Exchange. The failure of a U.S. metals trading company coupled with sharp losses in gold and silver unsettled the copper market. Forward metal opened around £980 and fell back to the day's low of £933 before recovering slightly to close the late kerb at £940 with persistent light selling finding the market devoid of buying interest. Turnover 16,600 tonnes.

COPPER	a.m. Official	+ or	p.m. Unofficial	+ or
Wirebars	£	£	£	£
Cash	933.7	-56.7	919-21	-45
3 months	944.5	-44	938-40	-46
Settlem't	937	-50	......	.....
Cathodes				
Cash	902.5	-43	885-9	-39
3 months	923.5	-43	915-6	-40
Settlem't	905	-43	......	.....
U.S. Prod.	......	.....	*94-102	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £934, 35, three months £965, [illegible]. Cathodes, three months £916. Kerbs: Wirebars, three months £933, 38, 35, 37, 38, 39, 38, 39, 40, 41, 40.

TIN—Lost ground. Speculative liquidation, prompted by the sharp falls in gold, silver and copper, depressed forward metal from £7,760 to the day's low of £7,670. However, covering against U.S. physical demand prompted a minor recovery which left the price at £7,720 on the late kerb. Turnover 995 tonnes.

TIN	a.m. Official	+ or	p.m. Unofficial	+ or
High Grade	£	£	£	£
Cash	7600-700	-120	7600-20	-130
3 months	7740-60	-120	7675-80	-70
Settlem't	7700	-120	......	.....
Standard				
Cash	7600-700	-120	7600-20	-130
3 months	7740-50	-120	7675-80	-75
Settlem't	7700	-120	......	.....
Straits E.	$3300	[illegible]	......	.....
NewYork	......	.....	......	.....

Morning: Standard, cash £7,690, 7,700, three months £7,750, 60, 50, 40. Afternoon: Standard, three months £7,730, 10, 05, 10, 00, 03, 01, 700, 01, 7,670, 80, 90, 700, 20, 40. Kerbs: Standard, three months £7,670, 90, 80, 7,700, 10, 20.

LEAD—Easier in line with other metals. The heavy losses in precious metals and copper brought out general liquidation and stop-loss selling of lead. Three months metal fell away from £442 to £432 before recovering to close the late kerb at £435. Turnover 9,125 tonnes.

LEAD	a.m. Official	+ or	p.m. Unofficial	+ or
	£	£	£	£
Cash	455-6	-27	454-6	-12.5
3 months	443-4	-21	432.5-3.5	-8.5
S'ment	456	-28	......	.....
U.S. Spot	......	.....	*50	.....

Morning: Cash £460, 61, 57, three months £440, 39, 37, 36, 35, 36, 35, 37, 36, 37, 38, 37, 35. Kerbs: Three months £434. Afternoon: Three months £432, 34, 33.5, 33. Kerbs: Three months £435.

ZINC—Down reflecting the general weakness of metal prices. Forward metal opened at £325 and came under persistent selling pressure which depressed the price to £308 before a close of £314 on the late kerb. Turnover 8,800 tonnes.

ZINC	a.m. Official	+ or	p.m. Unofficial	+ or
	£	£	£	£
Cash	308-10	-17.5	300-2	-20
3 months	317-8	-18.5	309-10	-17
S'ment	310	-17	......	.....
Primw'sts	......	.....	*39.5	.....

Morning: Three months £320, 21, 20, 21, 20, 19, 18, 19. Kerbs: Three months £318, 19, 20, 19. Afternoon: Three months £316, 17, 18, 15, 14, 13, 12, 11, 10. Kerbs: Three months £311, 10, 09, 7, 8, 9, 10, 12, 14.

ALUMINIUM—Declined with forward metal finally £848 on the late kerb after extremes during the day of £836 and £840. Turnover 8,875 tonnes.

Alumin'm	a.m. Official	+ or	p.m. Unofficial	+ or
	£	£	£	£
Spot	933-5	+14	925-35	+15
3 months	844-5	-9	837-8	-12.5

Morning: Cash £935, three months £847, 46, 42, 44. Afternoon: Three months £839, 38, 37, 36, 35, 38, 38. Kerbs: Three months £836, 38, 38, 39, 40.

NICKEL—Easier. Forward metal opened at £3,110 and gradually gave ground to touch £3,030 before closing the late kerb at £3,040. Turnover 582 tonnes.

NICKEL	a.m. Official	+ or	p.m. Unofficial	+ or
	£	£	£	£
Spot	2960-80	-60.1	2930-40	-70
3 months	3085-95	-76.5	3040-3120	-75

Morning: Three months £3,100, 3,095, 90, 3,100, 10, 3,095. Kerbs: Three months £3,085, 70. Afternoon: Cash £2,930, 40, three months £3,060, 70, 50, 40, 35, 30. Kerbs: Three months £3,040.

SILVER

Silver was fixed 159.65p an ounce lower for spot delivery in the London bullion market yesterday at 733.95p. U.S. cent equivalents of the fixing levels were: [illegible]. The metal opened at [illegible] and closed at [illegible].

SILVER per troy oz.	Bullion fixing price	+ or	L.M.E. p.m. Unoffic'l	+ or
Spot	733.95p	-159.65	613.0p	-199
3 months	753.95p	-167	637.5p	-195
6 months	777.50p	-166	......	.....
12months	842.50p	-157	......	.....

LME—Turnover 267 (181) lots of 10,000 ozs. Morning: cash 725, 24, three months 710, 700, 690, 705, 700, 20, 30, 35. Kerbs: three months 720, 30, 35, 45. Afternoon: three months 700, 695, 700, 05, 670, 50, 30, 40, 30, 20, 10, 20. Kerbs: three months 610, 600, 590, 600, 10, 05, 10, 05, 20.

COCOA

During another featureless day cocoa futures eased further as both trade and commission house selling continued although the traded volume was light. Prices closed at the lows of the day with losses of £15, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or	Business Done
March	1391-94	-15.0	1409-03
May	1415-16	-18.0	1428-14
July	1425-34	-17.0	1436-21
Sept	1431-32	-21.0	1450-30
Dec	1468-69	-18.0	1480-68
March	1502-08	-20.0	1496-85
May	1500-10	-25.5	1522-15

Sales: 1,450 (1,176) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price March 26 140.52 (142.62). Indicator prices March 27: 15-day average 140.44 (140.66); 22-day average 140.94 (141.05).

COFFEE

COFFEE	Yesterday's Close	+ or	Business Done
	£ per tonne		
March	1634-35	+23.0	1637-25
May	1667-69	+10.5	1675-56
July	1689-90	+4.5	1700-03
Sept	1712-13	+1.0	1730-10
Nov	1728-30	+2.0	1735-06
January	1685-705	-3.5	1717-12
March	1650-65	-5.0	1680

Sales: 4,535 (4,394) lots of 5 tonnes. ICO Indicator prices for March 26 (U.S. cents per pound): Other Mild Arabicas 183.00 (same). Robustas ICA 1976 169.00 (169.25). ICA 1968 169.25 (169.50). Unwashed Arabicas 203.00 (same). Comp. daily ICA 1968 187.42 (187.50).

GRAINS

LONDON GRAIN FUTURES—Old crops opened 30p-50p higher on good commercial buying but values eased back on good two-way trade. New crops saw considerable selling pressure and registered losses of 50p-80p on wheat and barley, reports Acli.

	WHEAT		BARLEY	
M'nth	Yest'rdays close	+ or	Yest'rdays close	+ or
May	95.45	-0.65	94.40	.....
Sept	93.45	-0.60	91.45	-0.60
Nov	97.45	-0.65	95.50	-0.60
Jan	101.45	-0.60	98.60	-0.55

Business done—Wheat: May 96.00-95.45, Sept. 93.95-93.40, Nov. 98.00-97.50, Jan. 101.85-101.45. Sales: 244 lots of 100 tonnes. Barley: May 95.00-94.40, Sept. 91.90-91.45, Nov. 95.80-95.50, Jan. 99.00-98.60. Sales: 138 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, April and May 98.25, June and July 95.50, Aug. 97.40, Sept. 98.25, Oct. 100 transhipment East Coast. Maize: U.S./French March 116, April 117 transhipment East Coast. S. African Yellow April-May 78.50. Barley: English Feed fob April 28.50 paid, East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 94.50, N. East 94.60, W. Midlands 94.40, N. West 93.30. Milling wheat: N. West 95.10.

RUBBER

The London physical market opened slightly steadier with little interest throughout the day, closing on a weak note. Lewis and Peat reported a Malaysian godown price of 320 (322) cents a kg (buyer, April).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
May	66.50-67.00	67.50-67.60	67.50-67.00
June	68.00-68.50	68.75-68.80	[illegible]
Jly-Sept	70.25-70.75	71.25-71.45	71.50-70.40
Oct-Dec	74.40-74.50	75.05-75.20	75.00-74.60
Jan-Mar	77.30-77.40	78.30-78.50	78.48-77.50
Apr-Jne	80.10-80.25	81.30-81.40	81.10-80.70
Jly-Sept	82.80-82.90	84.10-84.25	83.75-83.00
Oct-Dec	85.60-85.80	86.80-86.90	86.50-85.60
Jan-Mar	87.60-88.00	89.50-89.85	88.60-88.00

Sales: 247 (710) at 15 tonnes, 41 (58) at 5 tonnes.

Physical closing prices (buyers) were: Spot 65.50p (66.00p); May 69.50p (70.25p); June 70.50p (71.50p).

SOYABEAN MEAL

The London market opened unchanged on weaker starting encouraging short covering, reports T. G. Roddick. Prices firmed to show gains of 50p before selling of late in session on stop loss orders. Trade was fairly active on the close and finished off the lows but with losses of £1.50.

	Yest'rd'y Close	+ or	Business Done
	£ per tonne		
April	118.10-18.2	-1.05	[illegible]
June	118.10-18.5	-1.20	[illegible]
August	118.50-19.9	[illegible]	[illegible]
October	119.20-20.0	[illegible]	[illegible]
December	119.40-19.5	[illegible]	[illegible]
February	118.00-19.7	[illegible]	[illegible]
April	119.00-17.0	[illegible]	[illegible]

Sales: 100 (same) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £230.00 (£208.00) a tonne cif for March-April-May shipment. White sugar daily price was £290.00 (£221.00).

The market opened around overnight levels but as sellers pressed a lack of buying interest was exposed and losses of up to £5.00 were recorded by lunchtime. The decline accelerated later after New York was weak and the market closed at the lows of the day, some £15.00 below the best levels, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: 9,246 (7,518) lots of 50 tonnes. No. 4 CONTRACT—Close (in order buyer, seller only): May 227.50, 228.00; Aug. 232.00, 234.00; Oct. 235.00, 238.00; Jan. 240.00, 245.00; March 250.00, 258.00; May 255.00, 258.00. Sales: 255 (1,138).

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £304.00 (£291.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for March 26: Daily price 18.88 (18.83); 15-day average 19.18 (19.45).

WOOL FUTURES

BRADFORD WOOL—Merino and crossbred tops were up to 5p lower following the sharp decline in Australian values, which also curbed [illegible].

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales): New Zealand cents per kilo. May 363, 368, 360-355, 15; Aug. 370, 374, 395-385, 9; Oct. 374, 390, 387-380, 3; Dec. 371, 375, 386-375, 16; Jan. 373, 378, nil, nil; March 385, 410, nil, nil; May 395, 415, nil, nil; Aug. 395, 420, nil, nil. Sales: 29.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. May 441.0, 443.0, 443.0-437.5, 24; July 453.0, 458.0, 475.0-457.5, 1,453; Oct. 458.0, 460.0, 475.0-467.0, 1,592; Dec. 468.0, 469.0, 475.0-468.0, 509; March 468.0, 469.0, 478.0-467.0, 168; May 470.0, 470.0, 478.0-470.0, 78; July 472.0, 473.0, 478.0-470.5, 58. Sales: 3,183.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 5 tonnes, bringing the total for the week so far to 343 tonnes. Restricted operations involved new fresh dealings, only occasional interest was displayed in Turkish and Russian styles.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 66.0 to 69.0; Ulster hindquarters 79.0 to 82.0, forequarters 48.0 to 52.0. Eire hindquarters 79.0 to 81.0, forequarters 48.0 to 50.0. Veal: English fats 62.0 to 80.0; Dutch hinds and ends 100.0 to 108.0. Lamb: English small 80.0 to 76.0, medium 64.0 to 74.0, heavy 60.0 to 68.0; Scottish medium 60.0 to 74.0, heavy 65.0 to 70.0. Imported frozen: NZ PL 54.0 to 54.5, PM 53.0 to 53.0. Pork: English, under 100 lb 39.0 to 49.0, 100-120 lb 38.0 to 47.0, 120-160 lb 37.0 to 47.0.

MEAT COMMISSION—Average fatstock prices at representative markets on March 27. GB—Cattle 86.60p per kg lw (+0.46). UK—Sheep 187.0p per kg est dcw (+1.9). GB—Pigs 70.1p per kg lw (-0.4).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Spania: Navels 4.00-4.50; Jaffa: Shamouti 50/189s 4.30-5.45; Egyptian: Valencia Lates 3.70-4.20; Moroccan: 84/113s 4.00-4.50; Cyprus: Valencia Lates 3.70-4.20. Ortaniques—Jamaican: 54/126s 5.80-7.00. Mandarins—Spania: 4.80-5.50. Kars—Spania: 5.50-6.00. English Produce: Potatoes—Per bag 2.40-2.80. Mushrooms—Per pound 0.60-0.65. Apples—Per pound Bramley 0.13-0.17, Cox's Orange Pippin 0.13-0.20, Laxtons 0.10-0.12, Spartans 0.11-0.14. Pears—Per pound Conference 0.17-0.22. Swedes—Per 25/28-lb 0.70-0.80. Turnips—Per 28-lb 1.00-1.20. Sprouts—Per pound 0.09-0.10. Carrots—Per bag 1.00-1.60. Cabbages—Per bag 1.40-1.50. Cauliflowers—Per 12s English 3.50-3.80. Cucumbers—Trays 16/20s 3.00-3.80, prepack 16/20s 4.20-4.30. Tomatoes—Per pound 0.50-0.52. Lettuce—Per 12, round 1.10-1.20. Parsnips—Per 28-lb 1.00-1.20. Rhubarb—Per pound forced 0.15, indoor 0.10-0.11. Onions—Per bag 4.00-4.70. Beetroots—Per bag, round 1.40, long 1.60.

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.20, codlings £3.80-£4.40. Large haddock £4.40-£5.40, medium £3.40-£4.40, small £2.60-£3.30. Best small plaice £3.20-£5.00. Skinned dogfish (medium) £6.50. Lemon soles (large) £10.50, medium £9.00. Rods £3.10-£3.30. Saithe £2.00-£2.80.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 26 1980	+ or	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$1880/1950		$2180/22
Copper			
Cash w'bar	£920.45	-30.5	£1,205
3 mths	£944.5	-44	£1,217.5
Cash Cathode	£885.5	-39	£1,164.5
3 mths	£915.5	-40	£1,186.5
Gold troy oz	$473.5	-34.5	$641.5
Lead cash	£456	-12.5	£541
3 mths	£433	-8.5	£497.5
Nickel	£2,935		£1,185.78
Free mkt (c/lb)	[illegible]		310/340c
Platin'm tr'y oz	£189		£189
Free mkt	£254.60	-40.5	£383.95
Quicksilver¶	[illegible]		$390-400
Silver troy oz	613p	-199	1551.50p
3 mths	637.5p	-195	1566.58p
Tin cash	£7,600	-130	£7,850
3 mths	£7,677.5	-87.5	£7,910
Tungsten 22.04lb	$141.14		$139.11
Wolfram 22.04 lb	$140/151		$140/146
Zinc cash	£301.20	-20	£379.5
3 mths	£309.5	-17	£391.25
Producers	$825		$825
Oils			
Coconut (Phil)	$780	+5	$845
Groundnut	‡		‡
Linseed Crude	£464		£416
Palm Malayan	$650		$667.5
Seeds			
Copra Philip	$500		$555
Soyabean (U.S.)	$268.35	-3.45	$288
Grains			
Barley Futures	£91.45	-0.65	£97.25
Maize French No3Am	£116		£116.50
Wheat No. 1 Red Spg.	‡		‡
No2 Hard Wint.	‡		‡
Eng. Milling	‡		‡
Other commodities			
Cocoa ship't	£1,446	-16	£1,433
Future May	£1,415.5	-18	£1,395.5
Coffee Ft'r May	£1,665.5	+10.5	£1568.5
Cotton A.index	82.85c	-0.5	96.85c
Rubber kilo	65.50p	-0.5	75p
Sugar (Raw)	£220	-15	£215
Woolt'ps 64s kl	350p kilo	-8	397p kilo

‡ Unquoted. * June. v May. t March-April. u April. w April-May. x July. z Indicator. § Buyer. ¶ Per 76 lb flask.

CORAL INDEX: Close 422-427 (-10)

EUROPEAN OPTIONS EXCHANGE

Series	April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS

P=Put

AMERICAN MARKETS

NEW YORK, March 26.

PRECIOUS METALS closed limit down on heavy commission house liquidation which touched off stops. Copper closed sharply lower on speculative liquidation in sympathy with the sell-off in precious metals. Sugar closed limit up on aggressive trade buying and Russian buying rumours. Coffee and cocoa were mixed on a lack of dealer interest. The livestock complex was mixed on a featureless cash market. The grain and soyabean complex closed lower on follow-through selling from yesterday, reported Heinold.

Cocoa—May 138.00 (139.20), July 136.40 (137.15), Sept. 137.25, Dec. 3040, March 3100, May ——, July 3100, Sept. ——.

Coffee—"C" Contract: May 188.00-188.50 (187.70), July 194.00-194.50 (193.47), Sept. 199.00-199.50, Dec. 191.00-192.25, March 183.50, May 183.00-184.45, July 184.00-184.50.

Copper—March 87.70 (89.90), April 87.90 (90.20), May 89.00-89.50, July 92.00-92.20, Sept. 95.30, Dec. 100.00-101.00, Jan. 99.50, March 101.40, May 103.40, July 105.20, Sept. 107.20, Dec. 110.20, Jan. 111.20. Sales: 10,000.

Cotton—No. 2: May 87.62 (85.62), July 85.61 (83.61), Oct. 81.52, Dec. 77.21, March 77.70, May 78.75, July 79.25, Oct. ——. Sales: 14,550.

*Gold—March 495.0-498.0 (529.0), April 504.0 (529.0), May 512.5, June 521.0, Aug. 538.4, Oct. 555.8, Dec. 573.2, Feb. 590.6, April 608.0, June 625.4, Aug. 642.8, Oct. 660.2, Dec. 677.6. Sales: 25,000.

Orange Juice—May 94.10-94.20 (93.10), July 95.10-95.20 (94.65), Sept. 96.80-97.20, Nov. 98.10-98.30, Jan. 99.20, March 99.80-100.00, May 100.50-100.60, July 101.00-101.50. Sales: 650.

Potatoes (round whites)—April 42.5-43.2 (42.5), May 47.5-47.6 (49.2), Nov. 74.8-74.9. Sales: 564.

*Platinum — March 520.0-530.0 (603.0), April 571.0 (611.0), May unquoted, July 602.5, Oct. 635.5, Jan. 668.5, April 703.5, May unquoted. Sales: 3,761.

¶Silver—March 1550.0-1600.0 (2020.0), April 2162.0 (2262.0), May 2205.0, July 2275.0, Sept. 2347.0, Dec. 2427.0, Jan. 2454.0, March 2508.0, May 2562.0, July 2616.0, Sept. 2670.0, Dec. 2740.0, Jan. 2764.0. Sales: 9,000. Handy and Harman bullion spot 1605.00 (1910.00).

Sugar—No. 11: May 21.25-21.50 (19.59), July 21.42 (20.42), Sept. 22.38, Oct. 22.83, Jan. 23.50-24.20, March 24.85-24.90, May 24.98-24.99, July 25.08-25.20. Sales: 17,730.

Tin—803.00-815.00 asked (818.00-824.00).

CHICAGO, March 26.

Lard—Chicago loose 19.63 (19.50), New York prime steam 21.12 (21.13).

Live Cattle—April 65.30-65.15 (65.15), June 67.20-67.10 (67.45), Aug. 66.75-66.85, Oct. 65.75-65.95, Dec. 67.25, Jan. 67.60, Feb. 67.85-67.80.

Live Hogs—April 32.65-32.70 (32.37), June 36.55-36.65 (36.40), July 38.50-38.52, Aug. 38.40-38.50, Oct 38.50, Dec. 41.55-41.65, Feb. 43.90, April 43.15, June 45.10.

‡‡Maize—May 264-264¼ (265¾), July 276¾-276 (278¼), Sept. 288½-288¼, Dec. 296½-296¼, March 308¾, May 318¼.

Pork Bellies—April unquoted (unquoted), May 39.20-39.30 (39.55), July 40.70-40.62, Aug. 39.80-39.65, Feb. 52.60, March 52.90, May 53.60, July ——, Aug. ——.

Silver—March 1570.0 (1980.0), April 1550.0-1580.0 (1990.0), June 2015.0, Aug. 2175.0, Oct. 2135.0, Dec. 2219.0, Feb. 2250.0, April 2315.0, June 2370.0, Aug. 2430.0, Oct. 2490.0, Dec. 2550.0, Feb. 2610.0, April 2670.0, June 2730.0, Aug 2790.0.

†Soyabeans—May 608-607 (613½), July 633-632 (638¾), Aug. 644, Sept. 654, Nov. 672-671½, Jan. 689, March 709, May 723.

‖Soyabean Meal—May 166.8-166.6 (168.6), July 173.5-173.3 (175.1), Aug. 176.3-176.5, Sept. 179.7, Oct. 183.4-183.5, Dec. 188.3-187.8, Jan. 190.0, March 195.0, May 199.0-199.5, July 203.0-204.0.

Closing prices were not available for this edition.

Soyabean Oil — May 21.91-21.92 (22.01), July 22.50 (22.62), Aug. 22.80-22.82, Sept. 23.05, Oct. 23.30, Dec. 23.70-23.75, Jan. 23.90, March 24.25, May 24.60, July 25.00-25.05, March ——.

†Wheat—May 414½-413 (426¾), July 424-423 (436½), Sept. 439½-439, Dec. 453, March 476-474, May 486.

WINNIPEG, March 26. §Barley—March 112.20 (112.70), May 114.70 (115.00), July 117.00, Oct. 113.70, Dec. 113.60.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 217.40 (221.30).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, March 27.

Wheat—U.S. No. 2 Red Winter May $188, June $184, July $184, Aug. $187. U.S. No. 2 Northern Spring, 14 per cent, April $192, May $191, June $191, July $192, Aug. $195. Rest unquoted.

Maize—U.S. No. 3 Corn Yellow afloat $131.75, March $132, April $130.50, May $131, June $135, July-Sept. $139.50, Oct.-Dec. $143.50, Jan.-March $151.

Soyabeans—U.S. Two Yellow Gulfports afloat $253, April $253.50, May $255, June $261.25, July $264.25, Aug. $268.50, Sept. $272.25, Oct. $275, Nov. $275, Dec. $281.75, Jan. $285.50, Feb. $292.50, March $295 sellers.

Soyameal—44 per cent protein U.S. afloat $224, April-May-June $220, April-Sept. $224.50, Nov.-March $241. Brazil Pellets afloat $235, March $235, April $229, May $227, June $228.75, July $229, May-Sept. $231.

PARIS, March 27.

Cocoa (FFr per 100 kilos)—March 1340-1355, May 1352-1355, July 1360, Sept. 1375-1390, Dec. 1382-1395, March 1385-1410. Sales at call 2.

Sugar (FFr per 100 kilos)—May 2145-2155, July 2165-2200, Aug. 2230-2235, Oct. 2290-2317, Nov. 2270, Dec. 2350, March 2440-2545, May unquoted. Sales at call 4.

INDICES

FINANCIAL TIMES

Mar. 26	Mar. 25	M'nth ago	Year ago
292.36	295.26	304.13	274.39

(Base: July 1, 1952=100)

MOODY'S

Mar. 26	Mar. 25	M'nth ago	Year ago
1164.9	1206.0	1895.7	1046.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 26	Mar 25	Month ago	Year ago
Spot	426.46	423.50	426.39	379.59
F'tur's	436.90	433.48	447.67	388.46

(Average 1924-25-26=100)

REUTERS

Mar. 27	Mar. 26	M'nth ago	Year ago
1730.2	1736.2	1785.4	1574.9

(Base: September 18, 1931=100)

Markets view post-Budget prospects with some gloom

Equity index down 12.0—Gilts easier and Golds weak

Account Dealing Dates

Options

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 10	Mar. 20	Mar. 21	Mar. 31
Mar. 24	Apr. 10	Apr. 11	Apr. 21
Apr. 14	Apr. 24	Apr. 25	May 6

* "New time" dealings may take place from 9 a.m. two business days earlier.

The stock market reaction to the Budget yesterday was progressive weakness in all main factors. Hopes that the Chancellor would introduce measures to restore investment incentives were dashed and the prospect of a long slow haul to economic recovery left equity markets looking very sorrowful indeed. The extent of the fall in leading shares was measured by a drop of 12 points in the FT 30-share index to 423.1, its lowest since January 8.

Gilt-edged securities appeared at first sight to doubt the Government monetary strategy. The prediction of a smaller Public Sector Borrowing Requirement, being already discounted, failed to impress and potential investors held off. Offerings were sometimes heavier than expected, but the price fall owed most to the thin state of the market and longer-dated stocks closed ¾ lower, while the shorts were similarly easier. Variable coupon issues resisted the downturn.

Most fund managers were content to await the emergence of a clearer post-Budget picture and the lack of activity from these sources caused equities to back away from persistent small selling by professional and other investors. Consideration of the reduced allowances on television rental made Thorn Industries particularly vulnerable and the shares closed 20 down at 296p. Breweries gave up their overnight gains as did the clearing banks.

Also adding to the equity market burden was speculation about a U.S. specialist broker in Gold shares experiencing financial difficulties. South African producers of the metal were hit hard by selling, part of which represented forced liquidation, and sustained losses extending to three points; the slump continued during the after-hours' trade on further American offerings. The FT Gold Mines index, at 287.7, fell 16.7 more for a three-day drop of 38.5.

Traded options remained active by recent standards with a total of 847 contracts completed. BP attracted useful interest and recorded 258 trades while Land Securities and Cons. Gold were also in demand with 147 and 144 deals respectively.

The debut of Trust of Property Shares attracted more interest than anticipated, although the shares opened and closed at 10½p against the placing price of 10p.

Banks lower

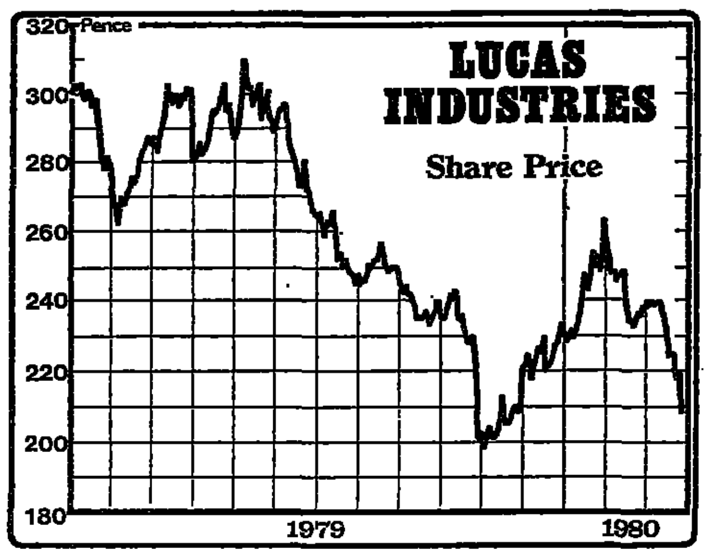
Having been marked up late on Wednesday on relief that a "windfall" profits tax is not to be imposed, the major clearing banks failed to attract support at the higher levels and consequently drifted lower. Midland at 308p, lost the overnight rise of 9, while Lloyds dipped 8 to to 290p as did NatWest, 308p, and Barclays gave up 6 to 406p. Little of interest took place elsewhere in the banking sector. Dealings in Antony Gibbs, 82p, were suspended after-hours' pending an announcement; this is expected to be the long-awaited outcome of the Hong Kong and Shanghai bid discussions.

An unchanged final dividend from Alexander Howden disappointed the market and the shares finished off at 108p. C. T. Bowring, a firm market since Tuesday's surprise announcement that Marsh and McLennan's bid is not to be referred to the Monopolies Commission, reatced on profit-taking and closed 3 lower at 138p. Refeltcing the general dull conditions and the Budget announcement that tax relief on life insurance is o be reduced from 17½ to 15 per cent, Life issues ended with losses ranging to 4. London and Manchester dipped that much to 150p as did Refuge, to 148p.

In contrast to overnight firmness on relief at the modest of e—cise duty increases, Breweries and kindred issues reflected the easier conditions shown elsewhere in equities and, although no sizeable selling was experienced, the leaders finished with falls to 7. Bass lost that much at 215p, while Allied, 71½p, and Whitbread, 137p, gave up 4 and 6 respectively. Greenall Whiteley, 178p, also fel 6 following the appearance of a solitary seller, while Arthur Guinness eased 3 to 85p. Regional issues were neglected, but heavy inquiry was reported for Tisbury Brewery, the application lists for which close today. In Wines and Spirits, Distillers lost 8 to 197p, while Arthur Bell fell 4 to 164p, the latter despite interim profits ahead of expectations.

Timber shares, the subject of considerable bid speculation recently, suffered a shake-out. Montague L. Meyer reacted 7 to 104p and Magnet and Southerns 9 to 166p, while International shed 3 to 106p. Elsewhere in Buildings, Blue Circle finished 4 off at 290p, after 288p, but London Brick, which slipped to 70p, reverted to the overnight level of 71½. In the Paint sector, Leyland eased 2 to 40p and Manders shed 5 to 133p on annual trading statements. Housebuilders Arncliffe, despite the increased annual profits, lost a penny to 39p, but Mixconcrete, which also announced higher earnings, added 3 to 75p.

ICI were subjected to persistent selling and shed 10 to 364p, while Fisons eased 7 to 260p. Among other Chemicals, Coates Brothers A held at 49p despite the lower annual profits, while



[illegible] responded to the preliminary results with a gain of a penny to 16½p.

Grattan [illegible]

Support for Stores fell away and the leaders closed with moderate falls. House of Fraser eased 4 to 1[illegible]p despite annual profits in line with expectations. *British Home Stores, and Mothercare*, 21[illegible]p, lost 5 and 4 respectively, but Debenhams held up reasonably well, closing unchanged at 83p, after 81p. Slightly increased profits failed to sustain Austin Reed, a few pence cheaper at 62p. Secondary issues were featured by Grattan Warehouses which plummetted 12 to 64p following adverse Press comment; the annual results are expected soon. Other mail-orders also tended to lower levels with Empire falling 6 to 156p. Dealings were resumed in B. Paradise following the offer terms of 10p per share from R. and J. Pullman. Opening at 13p, the former rose to 21p before closing at 18p, or 6 below the suspension price of 24p; Pullman eased a penny to 43p.

The Chancellor's proposal to reduce the 100 per cent leasing allowance to 25 per cent over the next three years on companies with television rental interests. Thorn particularly weak with the shares closing around the day's lowest with a loss of 20 at 296p, while Granada ended 9 lower at 154p, after 150p, and *Electronic Rentals* finished 8 cheaper at 98p. Elsewhere in the Electrical sector, recent speculative favourite Muirhead reacted 5 to 201p.

Engineering leaders drifted lower, mainly in hte absence of support. Hawker eased 4 to 174p and Tubes a similar amount 258p, while GKN, 254p, and John Brown, [illegible]p, both closed a shade lower. Secondary issues recorded scattered losses, but APV, up 10 at 175p in response to better-than-expected preliminary results, provided one of the few bright spots, while Drake and *Scull firmed 2 to 44p* on the encouraging tenor of the full report.

With the exception of Tate and Lyle, which shed 6 to a 1980 low of 128p, leading Foods held up quite well. Confectionary shares turned particularly dull, however, on the Glasgow factory closure and gloomy statement from George Bassett, 5 down at 64p, after 62p. Barker and Dobson touched a 1980 low of 14p before settling at 14½p for a net loss of 2. Elsewhere, R. Paterson encountered profit-taking and shed 3 to 29p, while Joseph Stocks gave up 6 to 92p, the latter in a restricted market. Bernard Matthews, annual results today, cheapened 5 to 275p, but Lidstone were marked 80 higher to 270p nominal on the announcement that talks are in progress with Mr. Jack Walker and associates which may lead to a 280p per share offer for the company.

FINANCIAL TIMES STOCK INDICES

	Mar. 27	Mar. 26	Mar. 25	Mar. 24	Mar. 21	Mar. 20	A year ago
Government Secs.	64.30	64.61	64.40	64.19	64.10	64.54	73.34
Fixed Interest	64.47	65.00	64.91	64.87	64.76	64.79	76.26
Industrial	423.1	435.1	430.5	427.2	429.9	433.2	540.8
Gold Mines	287.7	304.4	315.5	326.2	306.4	315.0	152.3
Ord. Div. Yield	8.16	7.94	8.02	8.07	7.99	7.93	5.27
Earnings, Yld. % (full)	20.81	19.77	19.96	20.10	19.88	19.75	14.01
P/E Ratio (net) (*)	6.00	6.17	6.11	6.07	6.15	6.18	9.09
Total bargains	19,585	17,678	21,194	19,238	21,317	20,919	—
Equity turnover £m	—	72.55	78.79	64.44	100.76	87.12	100.35
Equity bargains total	—	13,278	15,585	13,986	16,500	15,919	42,306

10 am 431.5, 11 am 428.8. Noon 425.4. 1 pm 425.7.

2 pm 423.8. 3 pm 423.6.

Latest Index 01-246 8026.

*Nil=5.75.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.26 (21/1)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.61 (21/1)	64.70 (18/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (12/2)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (28/2)	265.5 (18/3)	442.3 (22/5/67)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 27	Mar. 26
—Daily		
Gilt Edged	108.3	136.1
Industrials	37.8	117.3
Speculative	34.7	34.7
Totals	85.8	88.9
5-d'y Av'r'ge		
Gilt Edged	129.2	135.0
Industrials	113.4	120.7
Speculative	40.5	45.2
Totals	80.3	84.5

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
NatWest Bank	£1	9	308	— 8	373	306
BP	25p	8	336	—14	412	328
GEC	25p	8	362	— 1	388	336
ICI	£1	8	364	—10	402	353
Lloyds Bank	£1	8	290	— 8	318	277
Shell Transport	25p	8	326	—12	410	314
Premier Cons.	5p	7	60	— 4	87	39½
Barclays Bank	£1	6	406	— 6	452	398
Barker & Dobson	20p	6	14½	— 2	32½	14
Assoc. Dairies	25p	5	176	— 2	192	160
Beecham	25p	5	115	— 2	134	114
Chloride	25p	5	55	+ 1	78	52
European Ferries	25p	5	104	— 3	123½	98
Grand Met.	50p	5	121	— 5	145	121
Guthrie Corp.	£1	5	570	— 5	588	528

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 17	Mar. 28	Jun. 26	Jul. 7
Mar. 31	Apr. 11	Jul. 10	Jul. 21
Apr. 21	May 2	Aug. 7	Aug. 18

For rate indications see end of Share Information Service

In a quieter session than of late, call options were dealt in Premier Oil, BSG, Robert Kitchen Taylor, Beecham, Carpets International, Town and City, Australian Consolidated Minerals, Gosforth, British Land, William Mallinson, and House of Fraser. A put was done in Fodens, while doubles were completed in Samantha, Burmah, Lasmo and Premier Oil.

NEW HIGHS AND LOWS FOR 1980

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (11)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	84	4
Corpns., Dom. and Foreign Bonds	2	2	62
Industrials	71	482	864
Financial and Prop.	146	101	262
Oils	4	27	15
Plantations	1	7	13
Mines	12	56	59
Others	54	31	46
Totals	287	796	1,316

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

LONDON TRADED OPTIONS

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	45.9	48.6	+0.5	2.06
Abbey Capital	34.9	37.7	−0.5	6.11
Abbey General	45.1	48.2	−0.6	6.14
Abbey Gilt & F.I. Tst.	99.1	105.4	−0.2	4.74
Abbey Income	40.3	43.6	−0.2	9.00
Abbey Intl. Bd. Tst.	93.0	97.4	+0.5	5.65
Abbey Inv. Tst. Fnd.	36.0	38.9	+0.2	6.41
Equitas Prog. Trust	66.5	71.9	−0.6	6.22

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	89.5	94.3	......	13.38

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	72.2	77.3xd	−0.6	6.21
Brit. Inds. Fund	66.8	71.5	−0.3	6.29
Growth & Income	40.0	42.8	−0.2	5.89
Elect. & Ind. Dev.	36.8	39.4	−0.3	5.33
Allied Capital	74.2	79.4	−0.5	5.54
Hambro Fund	113.4	121.3	−0.9	6.65
Hambro Acc. Fund	138.2	147.9	−1.4	5.68
Income Funds				
High Yield Fd.	65.6	70.2xd	−0.2	10.54
High Income	67.0	71.7xd	−0.3	8.23
A.H. Eq. Inc.	39.6	42.4	−0.2	8.23
International Funds				
International	26.1	27.9	......	3.88
Pacific Fund	41.9	44.8	−0.4	2.76
Secs. Of America	54.2	58.0	+0.5	2.41
Specialist Funds				
Smaller Co.'s Fd.	47.5	50.8	−0.1	4.63
2nd Smlr. Co's Fd.	55.4	59.3xd	......	4.81
Recovery Sits.	110.5	118.2	−0.2	6.56
Met. Min. & C'dty.	56.1	60.0	−0.5	4.92
Overseas Earnings	56.7	60.7	−0.5	5.60
Exempt Funds				
Far East Exempt	50.5	52.5	−0.2	3.37
Smaller Co. Exempt	73.1	76.8	+0.1	5.08
U.S.A. Exempt	95.3	99.1xd	+0.9	3.53

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	52.3	56.5xd	......	5.64

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	155.0	165.0xd	......	11.94

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	22.9	24.7	......	—
Commodity***	71.3	77.7	−2.1	3.58
(Accumulation)	107.8	117.5	−3.4	3.58
(10% Withdrawal)	57.7	62.2	−1.7	3.54
Eastern & Internatl.†	25.8	27.8xd	......	1.00
(6% Withdrawal)	18.5	19.9xd	......	1.00
Extra Income	90.3	97.3	+0.2	11.30
(Accumulation)	97.8	105.4	+0.2	11.37
Finance & Property*	19.7	21.2	......	5.10
Foreign††	96.7	105.2	......	1.64
Giants	35.2	38.8	−0.3	4.42
(Accumulation)	44.1	47.6	−0.9	4.42
Gilt & Fixed*	39.3	43.1	......	5.42
(Accumulation)	40.2	44.2	......	5.42
Growth	32.7	35.3	−0.1	4.50
(Accumulation)	41.4	44.7	−0.1	4.50
High Income	33.9	36.6	+0.1	11.06
(Accumulation)	53.1	57.3	+0.1	11.06
(8½% Withdrawal)	45.0	48.6	+0.2	11.06
High Yield	40.3	43.5xd	......	12.34
(Accumulation)	66.2	71.4xd	......	12.34
North American††	26.7	28.8	......	1.00
Preference	21.5	23.4	......	13.99
(Accumulation)	38.2	41.6	......	13.99
Smaller Companies*	28.0	30.2	......	4.96

Dealings: †Tues. *Wed. ††Thurs. ***Friday.

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. Mar. 21	203.9	217.5	......	5.65

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.3	......	7.18
Gt. Winchester O'seas	20.3	22.6	......	5.43

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	77.4	83.2	......	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	69.8	73.4xd	−0.7	5.69

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	22.0	23.2	−0.4	1.00
Fixed Interest	25.2	26.6	......	13.00
Growth + Income	28.5	30.0	−0.3	8.20
Special Sits.	27.3	28.8	−0.2	3.50

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	24.7	26.6	......	2.77
Accum. Units	30.0	32.2	......	2.77
J. Finlay High Income	31.0	33.3xd	......	10.61
J. Finlay Euro.Fin.	19.4	20.9xd	......	4.11
Accum. Units	24.0	25.8xd	......	4.11
J. Finlay Fd. In. Tst.	30.2	32.5	......	5.76
Accum. Units	36.5	39.2	......	5.76

Prices on March 26. Next dealing April 2.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American March 24	48.2	51.2	......	1.41
Am. T'around Mar. 24	48.6	51.6	......	2.00
Capital Tst.	50.6	53.8xd	−0.2	5.04
(Accum. Units)	51.4	54.6	−0.2	5.04
Extra Income Trust	47.0	50.0	−0.2	10.52
Income Tst.	36.0	38.2	......	8.71
Inc. Growth Fd.	40.4	42.8	+0.4	2.35
(Accum. Units)	42.6	45.2	+0.2	2.35

Friends' Provdt. Unit Tr$ Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	47.0	50.2	−0.4	5.07
Do. Accum.	64.7	69.1	−0.7	5.07

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Mar. 13	114.5	117.6	......	5.30
Gross Inc. Mar. 13	73.7	76.1	......	11.56
High Yield Mar. 13	82.8	85.8xd	......	11.68

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	111.1	118.1	......	3.80
Do. Acc.	139.6	148.5	......	3.80
G.T. Inc. Fd. Un.	165.9	176.4	......	9.30
G.T. U.S. & Gen.	131.8	140.2	......	2.8
GT Wld. Bd. Fd.	94.1	97.5	......	5.7
G.T. Japan & Gen.	65.1	68.8	......	3.2
♣Gt. Pens. Ex. Fd.	279.0	290.5	......	3.3
G.T. Int'l. Fund	166.6	177.2	......	2.7
G.T. Four Yds. Fd.	45.1	47.9	......	7.90
G.T. Far East & Gen.	48.5	52.1	......	2.80

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	35.3	37.7	−0.4	5.52

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	24.0	25.8	−0.1	1.73
British Tst. (Acc.)	58.4	62.9	−0.2	4.62
Commodity Share	37.5	40.4	−0.5	3.04
Extra Income Tst.	22.2	23.9	−0.2	9.93
Far East Trust	31.4	33.7xd	−0.2	3.05
High Income Tst.	53.1	57.2	−0.2	10.51
Income Fund	71.5	76.9	−0.7	7.65
Ins. Agencies	£14.25	15.18	−0.09	5.29
Intl. Exempt Fd.	91.8	99.8	−0.4	6.71
Intl. Tst. (Acc.)	33.2	35.8	−0.2	1.58
Special Sits. Tst.	27.2	28.7xd	−0.3	2.71

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	25.8	28.1xd	−0.5	11.10
Income	39.5	42.9	......	10.40
Accumulation	70.1	76.3	−0.2	4.90
Growth	41.4	45.0	......	5.20
UK Mkt. Leaders	45.1	48.5	−0.6	5.3
Small Co's	38.6	42.0xd	+0.1	6.70
Technology	61.2	66.7	−0.5	4.20
Private	40.4	44.0xd	−0.9	5.30
Intl. Ents. & Assets	46.3	50.4	−0.5	4.30
American	23.7	25.8		3.10

Ulster Bank♥ (a)
Waring Street, Belfast. 0232 35231

(b)Ulster Growth	34.6	37.2	−0.3	6.38

Unit Trust Account & Mgmt. Ltd.
King William St. EC4R 9AR 01-623 4951

Friars Hse. Fund	47.6	50.7	......	5.35
Wieler Grth. Fnd.	30.4	32.1xd	......	5.20
Do. Accum.	37.8	39.8	......	5.20

Wieler Growth Fund
King William St. EC4R 9AR 01-623 4951

Income Units	32.3	34.0xd	......	4.91
Accum. Units	40.0	42.2	......	4.91

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Equity Fund	37.2	39.2	......	—
Equity Acc.	33.0	34.8	......	—
Property Fd.	185.1	194.9	......	—
Property Acc.	203.4	214.2	......	—
Selective Fund	104.6	110.2	......	—
Convertible Fund	147.7	155.5	......	—
♥Money Fund	137.6	144.9	......	—
♥Prop. Fd. Ser. 4	162.5	171.1	......	—
♥Man. Fd. Ser. 4	150.1	158.0	......	—
♥Equity Fd. Ser. 4	37.6	39.1	......	—
♥Conv. Fd. Ser. 4	125.6	132.3	......	—
♥Money Fd. Ser. 4	123.7	130.3	......	—
♥Fixed Interest Fd.	94.1	99.1	......	—
Pension Property	237.0	249.5	......	—
Pension Selective	103.1	108.6	......	—
Pension Managed	208.9	219.9	......	—

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.		107.5	......	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Plan Units	86.1	90.6	......	—
FutureAssd.Gth(a)		16.0	......	—
FutureAssd.Gth(b)		52.0	......	—
Ret. Assd. Pens.		£29.63	......	—
Flex. Inv. Growth	114.90	120.9	......	—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$135.86	137.77	......	1.62

Next dealing March 28.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$9.13	−0.46	......	—

Net asset value March 24.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£11.49	11.52xd	+0.05	14.09

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	115.0	119.0	......	8.62

Next dealing March 31.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.

Guernsey Tst.	150.7	161.2	−2.1	3.96

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381.

HS Channel Is. Fd.	121.1	129.2	......	4.25
H.S. Fixed Int. Fd.	88.0	93.0xd	......	12.52

Box 2622, Berne, Switzerland. Telex 33425.

H.S. Overseas Fd.	US$18.50	19.55	+3.07	—
CSF Fd. (Acc.)	SF15.72	16.95	+0.03	—
Crossbow Fd. (Acc.)	SF3.91	4.02	......	—
ITF Fd. (Acc.)	US$10.06	10.21	+0.11	—

N.V. Interbeheer
P.O. Box 526, Delft, Holland

Esmeralda (Iss. Price)	DFL49.78	+0.45		2.00

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.

Javelin Equity Tst.	$A3.02	3.14	......	—

J.E.T. Managers (Jersey) Ltd.
P.O. Box 98, Channel House, Jersey. 0534 73673

Jersey Extrnl. Tst.	£1.65	1.77	......	—

As at February 29.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$480.52		......	—
Jardine J'pn Fd.*	HK$327.76		......	1.1
Jardine S.E.A.	US$22.87		......	1.70
Jardine Flem. Int.	HK$15.92		......	0.6
Jardine Securities	HK$14.90		......	—
Intl. Pac. Secs. (Inc.)	HK$13.51		......	1.40
Do. (Accum.)	HK$13.90		......	—

NAV February 29. *US$63.35. Next sub. day Mar. 31

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.

L.J. Sterling Fund	£11.21	£11.22	......	—

Kemp-Gee Management Jersey Ltd.
1 Charing Cross, St. Helier, Jersey. 0534 73741

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FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

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TINS

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MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
160	78½	Anglo-Dominion	143	......	—	—	—
97	58	Barymin	72	......	—	—	—
14½	12	Burma Mines 17½p	13½	......	—	—	—
502	330	Cons. Murch. 10c.	400	−10	‡Q100c	1.8	14.3
555	350	Northgate C$1	350	......	—	—	—
485	327	R.T.Z.	347	−12	†11.5	3.4	4.7
35	16	Robert Mines	27½	......	—	—	—
50	30	Sabina Inds. C$1	32	−3	—	—	—
650	485	Tara Exptn. $1	495	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✱ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH	Price	+ or −
Albany Inv. 20p	28	......	Conv. 9% '80/82	£86	......
Bertam	18	......	Nat. 9¾% 84/89	£70½	......
Bdg'wtr. Est. 50p	365	......	Fin. 13% 97/02	£77½	......
Clover Croft	60	......	Alliance Gas	59	−1
Craig & Rose £1	£10½	......	Arnott	380	......
Fife Forge	30	......	Carroll (P.J.)	51	+1
Finlay Pkg. 5p	21	......	Clondalkin	102	−2
Graig Ship. £1	850	......	Concrete Prods.	89	......
Higsons Brew	75	......	Helton (Hldgs.)	32	−2
Holt (Jos) 25p	255	......	Ins. Corp.	235	......
I.O.M. Stm. £1	165	......	Irish Ropes	80	......
Pearce (C. H.)	385	......	Jacob	37	......
Peel Mills	37	......	T.M.G.	140	......
Sheff. Refrshmt.	97½	......	Unidare	100	−2
Sindall (Wm.)	165	......			

OPTIONS
3-month Call Rates

Industrials					
A. Brew	8	I.C.I.	32	Utd. Drapery	9
EOC Intl.	6	"Imps"	7	Vickers	14
B.S.R.	5	I.C.L.	45	Woolworths	6½
Babcock	12	Imeresk	5	**Property**	
Barclays Bank	30	Ladbroke	15	Brit. Land	7
Beecham	15	Legal & Gen.	14	Cap. Counties	9
Blue Circle	25	Lex Service	10	Land Secs.	25
Boots	17	Lloyds Bank	24	MEPC	17
Bowaters	16	"Lofs"	5½	Peachey	13
B.A.T.	25	London Brick	6	Samuel Props.	12
Brown (J.)	7	Lucas Inds.	20	Town & City	2
Burton 'A'	22	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	9	Brit. Petroleum	38
Courtaulds	8	Midland Bank	30	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	12
Distillers	21	Nat. West. Bank	32	KCA	11
Dunlop	5½	P & O Dfd.	9	Premier	12
Eagle Star	14	Plessey	16	Shell	35
F.N.F.C.	2½	Racal Elect.	20	Tricentrol	35
Gen. Accident	21	R.H.M.	4½	Ultramar	50
Gen. Electric	30	Rank Org.	18	**Mines**	
Glaxo	48	Reed Intnl.	17	Charter Cons.	18
Grand Met.	12	Sears	5½	Cons. Gold	52
G.U.S. 'A'	30	Tesco	7	Lonrho	12
Guardian	23	Thorn	25	Rio T. Zinc	35
G.K.N.	22	Trust Houses	14		
Hawker Sidd.	16	Tube Invest.	27		
House of Fraser	12	Unilever	40		
		U.D.T.	4		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

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FINANCIAL TIMES

Friday March 28 1980

Iran to raise oil prices $2

BY SIMON HENDERSON IN TEHRAN AND RAY DAFTER IN LONDON

IRAN PLANS to increase its oil prices by about $2 a barrel next Tuesday in a move that has taken the world's oil industry by surprise.

The proposed increase, announced by Mr. Ali Akbar Moinfar, Oil Minister, will in theory put the official price of Iranian light crude at $33 a barrel. As contract sales carry special surcharges, the effective selling price is likely to be about $34.50 per barrel.

Prices of this magnitude would confirm Iranian crude as the most highly-priced oil in the Gulf area and make it even more out of line with the $26 a barrel charged by Saudi Arabia for Arabian light "marker" crude.

If he prices are confirmed next week, it would mean that contract values of Iranian crude would be near to quoted rates in the peripheral spot market. In the past few days potential buyers of spot cargoes from Iran are reported to have been offering $33.50 for heavy crude and about $35 a barrel for light oil.

Spot market prices have been dropping in recent weeks in response to the general slack conditions in the oil market. Stock levels are high, and demand has been falling. Oil companies were surprised that Iran had chosen this moment to push contract prices higher.

Oil companies in London, New York and Tokyo said yesterday they were still awaiting details of Iran's proposals. These may not be known for a couple of days. The National Iranian Oil Company yesterday said the structure of the price rises and their exact size were not yet being revealed.

The uncertainty still surrounding the proposals led oil companies to speculate that NIOC may decide to fix new levels partly by raising the $3-a-barrel premium charged on about half the oil sold under contract. It is understood that in recent weeks potential new customers have been asked to pay a premium of $4.25 a barrel.

The proposed increases are seen in the industry as a bid by Iran to maintain revenues when its income from spot market and key sales has been falling and when exports in general have been reduced. Reports in Iran, strenuously denied by NIOC, say loadings from the main export terminal at Kharg Island have varied in the last feek between 450,000 and 700,000 barrels a day—about a third of the officially quoted export contract levels.

Oil industry analysts said it was unlikely other producers would follow Iran's lead now, particularly in view of the "soft" market conditions and falling spot market rates.

Much will depend on whether the reduced production levels planned by such exporters as Kuwait, Libya and Venezuela will cause a return of tight supply and demand balance. Saudi Arabia plans to offset the impact of these reductions by maintaining its production level at 9.5m b/d. Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, said in London this week that this increased level of output would be maintained until the world oil markets returned to normal; at least for the next quarter.

Patrick Cockburn adds: The premium British Petroleum will pay on half the 150,000 barrels a day it will purchase from Kuwait under a new agreement signed last week has been set at $5.50 a barrel. This amounts to an overall increase of 10 per cent on the price BP was paying under its previous contract for 450,000 b/d.

The increase shows an underlying strength in the oil market when secure supplies are available.

Lonrho steel subsidiary may bid for state plant

By Roy Hodson

LONRHO, THE international trading group, is to study the feasibility of making a bid for the British Steel Corporation's Shotton works in North Wales.

Mr. Derek Norton, managing director of the Lonrho subsidiary Hadfields of Sheffield, is to tour the 1m tonnes a year works next Monday and Tuesday with a team of management, and possibly union, representatives.

Shotton is a major supplier to five Lonrho steelmaking and processing companies, Mr. Norton said yesterday. Mr. Norton is a close adviser on steel affairs to Mr. "Tiny" Rowlands, Lonrho managing director and chief executive.

British Steel does not intend to reopen the heavy iron and steelmaking part of the Shotton works after the steel strike and has started making redundancy payments averaging £7,500 to more than 6,000 employees.

But the corporation is determined to keep the profitable finishing lines which make coated sheet-steel. It plans to reduce the workforce employed on them from 4,200 to 3,300 by the end of the year.

Lonrho would have to invest up to £100m at Shotton to replace obsolete equipment with a modern electric arc system and continuous casting, or £200m if it chose to modernise the ironmaking plant and instal basic oxygen steelmaking vessels.

Sir Keith Joseph, Industry Secretary, said last night that the Government would not oppose a private sector application to buy the Shotton plant. But it would certainly not provide any money to aid the purchase.

British Steel intends to operate the hot strip mill at Shotton for two months when the steel strike is over to process 80,000 tonnes of steel slabs in stock.

Mr. Monty Hughes, chairman of the Iron and Steel Trades Confederation Shotton committee, said last night: "We welcome any approach from any source to bring employment to Deeside and the surrounding districts.

"However, we are not prepared to entertain any flippant approach or the fragmentation of parts of the plant.

THE LEX COLUMN

The anxious wait until 1984

Medium-term strategy is a fine thing, but the stock market lives from day to day. The response of the gilt-edged market to the Budget was to dither, and then slip back, while equities fell sharply—by 12 points on the FT 30-Share Index, and by 1.8 per cent on the All-Share.

That the Budget gave no financial relief to the corporate sector is only part of tht problem. Wall Street has been falling steadily and steeply, and yesterday the Lucas figures brought more evidence of the pressure on UK company profits. Equities had also been buoyed up by the hope that the Budget might put salt on the gilt-edged market's tail.

As it is, gilts are still languishing just below the tap price—the long tap is about ¾ point below the Government Broker's presumed selling level. Until investors make their minds up to attack this stock, which only needs £300m or so to buy it out in partly-paid form, or until the growing need to fund forces the authorities into cutting the price, the stand-off will continue. One trouble is that brokers cannot whip up enthusiasm with stories of foreign buying; international investors are rather shy of bonds at the moment.

Index fell 12.0 to 423.1

Lucas

The grim plight of the manufacturing sector receives ample illustration from the figures of Lucas Industries, where half-time pre-tax profits have fallen from a dispute-hit £24.1m to a strike-battered £12.3m. Last time it was the stoppage at Ford, this time the engineering strike (which cost an estimated £20m) while the decline in UK car production (down an eighth in 1979) has put further pressure on the components business. In fact the UK motor components side appears to have lost around £3m in the first six months, a deficit which was not fully offset by modest surpluses in industrial products and the aerospace business. Fortunately the overseas companies have produced better results, even after conversion to sterling, and buoyant exports have helped to push up group sales by 11 per cent — though at some cost to margins.

So far in the second half the group's performance is much better. Demand continues to be strong for motor components in Europe, and the aerospace side is booming. Lucas has, moreover kept to its cash budgets by trimming its spending plans — though it has not cut back on R and D which cost over a quarter more at £25m in the first six months. It is still possible that the group could bounce back to show something not far short of the £46m pre-tax it earned in February-July last time; but there must be a question mark over demand into the summer, and an anual figure of around £50m (against £71m) seems more probable. That would leave a yield of 7.7 per cent very safe. But with the shares down 11p to 208p, the high quality of Lucas is for the time being overshadowed by the bleakness of industrial prospects.

Alexander Howden

Alexander Howden managed to achieve partial recovery in profits in 1979 after stunning the market last year when the 1978 results showed a surprise setback. Pre-tax profits have risen from £17.7m to £20.1m in 1979, which is still short of the group's best ever profits of £21.4m in 1977. To celebrate this improvement, Howden has given a detailed indication to shareholders of where its profits have been coming from, a matter which has until now been shrouded in mystery.

Howden's recovery has been largely supported by a reasonable performance from insurance companies, where trading profits have improved from £3.5m to £6.7m on the back of increased revenues from higher interest rates, and a strong performance in the overseas companies, where profits trebled. Brokerage incomes were helped forward by an improvement of over £2m in investment income. Expenses, which threatened to get out of hand overseas with a 27 per cent rise due to acquisitions, were contained to an overall rise of 13 per cent as tighter controls on UK costs worked their way through.

Dividend cover stands at 1.8 times which does not allow much room for a dramatic uplift given current unexciting prospects and the group's intention to improve the cover. The shares, down 5p, yield nearly 9.5 per cent on a maintained dividend.

House of Fraser

Sales volume in the House of Fraser's final quarter (November-January) fell 3 per cent or so, a miserable ending to a poor year, especially considering how depressed the previous January's figures had been by the snow and the haulage strike. But gross margins have edged higher, and staff cuts combined with a moderate wage award have helped at the net level. After nine months, pre-tax profits were £4.6m down: by the end of the year the shortfall had been reduced to £2.3m, giving a figure for 1979-80 of £35.7m before the surplus on property sales.

Unless interest rates fall steeply (Fraser's borrowings have risen considerably in connection with its credit scheme) the coming year is likely to show only modest improvement. The shares, down 4p yesterday at 134p, stand on a p/e of 11½, fully taxed, which can only be justified by hopes of a full bid from Lonrho. Meanwhile the 35 per cent dividend rise, which absorbs an additional £2½m of cash, may still leave Lonrho asking for more, while the yield of 6½ per cent is not enough to underpin the shares

CEGB to borrow an extra £300m

By Martin Dickson, Energy Correspondent

THE ELECTRICITY supply industry in England and Wales has exceeded its Government-set borrowing ceiling by some £300m this financial year.

Mr. David Howell, Energy Secretary, announced on Wednesday that he was raising the sector's external finance limit—the amount a nationalised industry can borrow in a given year—by this amount.

Instead of repaying £68m of Government loans, the industry will now be allowed to borrow £233m in 1979-80.

The limit has had to be raised because of an unexpected deterioration in the industry's financial position. Demand for electricity has been lower—partly because of strikes and a mild winter—at a time when the Central Electricity Generating Board has been carrying very high fuel stocks.

The bard has between 13m and 14m tonnes of coal in stock, about 3m tonnes more than usual at this time of year, worth more than £100m. This has been caused by the miners' greater productivity, a deliberate build-up of supplies as a hedge against a miners' strike, and lower-than-expected coal consumption.

Mr. Howell said he was satisfied the industry had taken all reasonable steps to absorb the increase in its financing requirement. It would not mean a rise in the planned overall public expenditure total. It would be met partly by shortfalls in the needs of other nationalised industries.

The industry's borrowing limit has been set for the 1980-81 financial year at £187m, which the generating board has argued may be too low to allow it to carry out fully its capital expenditure programme.

● The South of Scotland Electricity Board is to raise its charges by 17.5 per cent from Tuesday, it was announced yesterday.

Electricity supply down nearly 10 per cent, Page 10

Jamaica starts talks on rescheduling foreign debt

BY CANUTE JAMES IN KINGSTON

THE Jamaican Government has started negotiations with its negotiations with its major creditors aimed at rescheduling its commercial foreign debt of $1.3bn (£600m). Contact has already been made with international banks, and a meeting between the banks and Government representatives is planned for New York in three weeks' time.

The effort to reschedule foreign debts was described by Mr. Michael Manley, the Prime Minister, as part of the Government's attempts to reconstruct the economy after its decision last weekend to terminate all negotiations with the International Monetary Fund.

But the Finance Ministry yesterday denied a report that Jamaica was planning to leave the IMF.

The move to end talks with the IMF came after indications from New York that several IMF member countries, including the U.S., Britain, Japan and West Germany, had shown some sympathy for Jamaica's request for a waiver of the conditions under which it got access to loans totalling $400m over a three-year period.

The request for the waiver was made when the Island's current account deficit at the end of last December rose to just under $500m, $100m more than the Fund had stipulated.

The island's outstanding loans from the IMF total $354m including drawings from a previous agreement for $75m which was cancelled by the IMF at the end of 1977, when Jamaica's economic performance failed to meet the IMF's conditions.

Jamaica has become the world's largest borrower from the IMF by percentage of quota drawn. Its debts are 360 per cent of its quota, compared with 245 per cent for Turkey, 240 per cent for Peru, 240 per cent for the Philippines an d230 per cent for Zambia.

Jamaica's current account deficit for this year has been projected at $350m. Foreign debt servicing will also cost $350m, and government officials have indicated that further efforts will be made to lower the oil import bill of $320m. The Prime Minister is expected to announce new fuel-saving measures on Sunday.

Davignon reassurance on steel

BY GILES MERRITT IN BRUSSELS

SERIOUS disruption of EEC steel sales to the U.S. is unlikely before the end of October, Viscount Etienne Davignon, Industry Commissioner, said in Brussels yesterday. He was assessing the effects of the anti-dumping suits lodged recently by U.S. Steel against 15 major European producers.

Viscount Davignon emphasised there was "no reason to panic." He made it clear the action will be strongly contested before the International Trade Commission.

U.S. Steel's 1,700-page complaints dossier was "not technically impressive" and in some key areas was "extraordinarily weak," he said.

The Commissioner has refrained from any public declaration since the suits were filed last week.

But he indicated that the Brussels Commission is pressing the U.S. Government to re-introduce the trigger price mechanism. Under this, levies are raised if steel imports fall below a certain figure.

At the same time, Viscount Davignon said, the EEC steel industry's anti-crisis measures may well have tobe tightened again as a result of the suits.

He could not yet forecast EEC steel sales to the U.S. for 1980, but expected they would be nearer 3m tonnes than the industry's 4m tonnes target.

The price and delivery quota disciplines of the Davignon plan for restructuring the European steel industry would need to be closely monitored to avoid any possibility of a prices was inside the Community.

He said the Commission is determined to resist any pressure from EEC producers for additional curbs on steel imports.

The situation now appeared less grave than feared, although the suits cite five product categories representing almost 77 per cent of EEC steel exports to the U.S.

After Bethlehem Steel's announcement that it is not to take anti-dumping action, the Commission has had indications from the three remaining major U.S. producers—Republic, National and Inland—that suits are not to be lodged.

In U.S. steel's suits, the target products are: heavy sections, heavy plates, hot rolled sheets, cold rolled sheets, and galvanised sheets.

The companies affected are: Germany: Klöckner Werke, Fried. Krupp, Stahlwerke Peine-Salzgitter, Stahlwerke-Rochling-Burbach, Thyssen, Hoesch. Belgium: Sidmar, Cockerill, Hainaut - Sambre, Clabecq. France: Usinor, Sacilor. Netherlands: Hoogovens. UK: British Steel Corporation. Italy: Italsider. Luxembourg: Arbed.

U.S. Steel alone, Page 6

Weather

UK TODAY

CLOUDY. RAIN and showers. bright intervals.

London, S.E. England, E. Anglia, E. Midlands

Mostly cloudy. Rain. Max. 10C (50F).

C.S. and S.W. England, W. Midlands, Channel Iles, S. Wales

Cloudy, showers, brighter intervals. Max. 11C (52F).

E., C.N. and N.E. England

Cloudy, rain. Max. 9C (48F3.

N. Wales, N.W. England, Lake District, Isle of Man

Showers, bright or sunny intervals. Max. 9C (48F).

Borders, Edinburgh, Dundee, Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland

Cloudy, rain or drizzle. Cold. Max. 7C (45F).

S.W. Scotland, Glasgow, N. Ireland

Fog patches clearing, showers, bright or sunny intervals. Max. 8C (46F).

C. Highlands, Argyll, N.W. Scotland

Showers, sunny intervals. Cold. Max. 8C (46F).

Outlook: Unsettled, cold in North, temperatures near normal in South.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	16	61	L. Plms.	C	25	77
Algiers	F	25	77	Lisbon	C	16	61
Amsdm.	R	12	54	Locarno	R	11	52
Athens	C	14	57	London	C	13	55
Bahrain	S	29	84	Luxmbg.	R	11	52
Barcina.	S	21	70	Luxor	S	22	72
Beirut	R	19	66	Madrid	C	15	59
Belfast	C	7	45	Majorca	F	18	64
Belgrd.	F	16	61	Malaga	F	20	68
Berlin	C	11	52	Mchstr.	R	9	48
Biarritz	C	22	72	Melbne.	R	16	61
Brnghm.	R	9	48	Milan	R	10	50
Blackp'l	R	7	45	M'ntreal	S	9	47
Bordx.	C	19	66	Moscow	Sn	−4	25
Boulgn.	B	13	55	Munich	R	11	52
Bristol	C	9	48	Nairobi	S	25	77
Brussels	C	14	57	Naples	C	14	57
Budpst.	C	15	59	N. York	S	9	49
B. Aires	S	29	84	Nice	C	14	57
Cairo	S	30	86	Nicosia	C	18	64
Cardiff	R	7	45	Oporto	R	14	57
Cas'b'ca	F	23	73	Oslo	S	2	36
Cape T.	S	23	73	Paris	R	13	55
Chicago	S	7	45	Perth	S	27	81
Cologne	C	12	54	Prague	R	8	46
Cpnhgn.	C	2	36	Reykjvk.	F	5	41
Corfu	S	19	66	Rhodes	C	14	57
Dublin	C	7	45	R'o J'o	S	30	86
Dbrvnk.	S	15	57	Rome	C	15	59
Ednbgh.	R	4	39	Salzb'rg	R	9	48
Faro	C	17	63	Singapr.	S	31	87
Florence	C	14	57	Stckhm.	C	−2	28
Frankf't	R	12	54	Strasb'g	R	12	54
Funchal	F	19	66	Sydney	C	25	77
Geneva	R	9	48	Tangier	S	21	70
Gibrltr.	S	22	72	Tehran	S	15	60
Glasgow	R	13	55	Tel Aviv	R	18	64
G'nsey	C	10	50	Tenerife	S	20	68
Helsinki	Sn	−3	27	Tokyo	S	15	58
H. Kong	S	19	66	Toronto	S	10	50
Innsbr'k	C	10	50	Tunis	C	22	72
Invrnss.	R	6	43	Venice	C	13	55
I.o.Man	C	6	43	Vienna	C	12	54
Istanbul	R	6	43	Warsaw	S	11	52
Jersey	R	12	54	Zurich	R	9	48
Jo'burg	S	26	78				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Continued from Page 1

Basic rate

ducing subsidies and increasing charges which are assumed at least to be maintained in real terms.

Analaysts are likely to look closely at the plausability of these projections in assessing the medium-term strategy. However, yesterday some City economists were suggesting that the Government assumption of only a 1 per cent rise in total output after 1980 (the same rate as in 1973-79) might be too low.

Just under half this assumed annual increase is expected to come from North Sea oil. Otherwise there is expected to be an improvement in the external contribution and a rise in personal consumption (partly in response to assumed real tax cuts in later years). But the response of investment is likely to lag behind.

Continued from Page 1

Markets

shorts. The FT Government Securities index fell to 64.3 from 64.61. Dealers appeared to be holding off to see when and at what level the Government Broker would begin his funding programme.

Sterling closed at $2.1755, down from $2.1960 overnight in London and $2.1770 in New York. In the afternoon it reached a low of 2.1680.

The pound climbed 1 per cent against the Deutsche-mark to its highest since last July, and also gained against the Swiss and French francs. But its trade weighted index fell 0.4 points to 72.5.

The dollar strengthened to DM 1.9220 from DM 1.8925 boosted by rising Eurodollar interest rates. At one point it touched DM 1.9250, its highest against the West German currency since December 1978.

Schmidt in EEC budget talks with Thatcher

BY REGINALD DALE, EUROPEAN EDITOR, IN BRUSSELS

MRS. THATCHER and Chancellor Helmut Schmidt of West Germany last night began private talks to find ways of defusing an EEC crisis caused by Britain's demands for a substantial reduction in its budgetary payments to Brussels.

British officials said that while no final figures were likely to be agreed, it was hoped that the talks, which will last until this evening, would bring a solution nearer. On the German side, the aim was said to be to clarify the narrow room for manoeuvre available to the two governments.

Herr Schmidt is now said to agree that the latest EEC Commission paper could provide a good basis for a solution to British budgetary problems. The paper, which develops past Commission proposals without mentioning specific figures, was welcomed as an important new initiative by Mr. Nigel Lawson, Financial Secretary to the Treasury, in a House of Commons debate on Monday night.

The aim would be to complement a £350m reduction in Britain's gross contribution with increased Community spending on regional, energy and infrastructure projects in the UK. Mrs. Thatcher is hoping by these means to secure a substantial cut in Britain's estimated £1.3bn net contribution to the budget in 1980.

The German Government still feels that some form of accompanying British commitment to consider joining the European Monetary System would help to improve the atmosphere when the budget problem is tackled at the delayed Brussels summit which should have been held next week. The Nine are still trying to find a new date for the summit before the end of April.

The Germans now believe that British participation in the EMS, which links Community currencies through mutual support arrangements, would be positively beneficial to the UK. They argue that the weaker European currencies would help hold sterling down to a more realistic rate and protect it from the speculation to which it has been exposed as a "petro-currency."

British officials, however, yesterday argued that there was no general enthusiasm among the other Community governments for such a move by the UK. If there was a strong desire for early British participation, that would be another matter, they said.

The UK accepts that the other EEC problem topics such as fisheries, energy policy and the Anglo-French lamb war, as well as the budgetary issue. But while Germany maintains that a package deal will be essential to solve the budgetary problem, the UK still maintains that the British case stands by itself.

Bonn has repeatedly made it clear that it is not prepared to act as a mediator in the dispute, which has set London sharply against Paris. The Germans were yesterday stressing that they were also an involved party — particularly now that economic problems have made German financial concessions more difficult than they would have been at the abortive Dublin summit last November.

UK policy shift aims to protect food exporters, Page 3

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.